

# *Rural Municipality of Heart's Hill No. 352*

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## **3.5 UNPAID OIL and GAS TAXES**

### ***DEFINITION:***

### ***POLICY:***

Following December 31<sup>st</sup> of the year in which the taxes were levied, any unpaid taxes are considered Arrears and Unpaid.

At the January meeting of Council, the Administrator shall request a resolution from Council to commence with the following Rural Municipality of Heart's Hill tax collection procedures for unpaid taxes within the Oil and Gas sector.

### ***PROCEDURES:***

1. By registered mail, the Administrator shall remind all Companies of their outstanding taxes and request payment by January 15<sup>th</sup>.
2. If no payment or response has been received by February 15<sup>th</sup>, the Administrator shall contact the Company by registered mail, requesting the Company submit a payment plan to clear unpaid taxes by March 1<sup>st</sup> and if no payment plan is submitted, Council will be taking further action to collect the unpaid taxes.
3. At the regular March meeting of Council, Council shall review the status of all Oil and Gas Companies with unpaid taxes. If Companies have submitted a payment plan that meets Council's approval, the Administrator shall monitor and report to Council on a monthly basis of whether the Company is fulfilling its commitment.
4. If the Municipality has not received a response or satisfactory payment plan from an Oil or Gas Company by the regular March meeting, or if the company defaults on its payment plan, the Administrator shall contact the Ministry of Energy and Resources and request a listing of oil and gas purchasers for the Companies with tax arrears.
5. Upon receipt of the listing of oil and gas purchasers, the Administrator shall, by registered mail, inform the purchasers that all funds payable to a well with unpaid taxes/arrears must be submitted to the Municipality until the taxes on the producing well are paid in full, as outlined in Section 317 of The Municipalities Act.

***RATIONALE:***

Council strives to create an equal and fair taxation system for all ratepayers, and budgets accordingly. It is not fair to allow a ratepayer to renege on their taxes while the rest of the ratepayers are fulfilling their tax obligations. Therefore, it is the duty of the Municipality to be proactive in collecting all taxes, from all ratepayers. It is imperative the Municipality initiate steps to collect taxes as soon as the unpaid taxes fall into arrears, delaying or prolonging the process will only increase the arrears and make it harder for the company in arrears to bring their account up to date. Over time, this may create budget shortfalls which may require the Municipality to increase tax rates for all ratepayers to overcome the deficit.

***AUTHORITY :***

Municipalities Act, 317