PTAS report cites unpaid oil and gas taxes, impacts on Alberta's municipalities and industry

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PTAS recommends 17 policy directions aimed at addressing growing municipal tax arrears in the oil and gas sector

On March 16, 2026, the Government of Alberta, along with the Alberta Energy Regulator (AER), and municipal stakeholders released a report titled the Property Tax Accountability Strategy (PTAS) Final Report (the Report). The Report is the final report of the Property Tax Accountability Strategy (PTAS), which is a working group comprised of the Government of Alberta (the Province), AER (AER), and municipal stakeholders. The PTAS was formed to address the large amount of property tax arrears that accumulate annually from the oil and gas sector in Alberta. The Report offers a comprehensive overview of the issue, detailing its underlying causes, current impacts, and proposed reforms. Importantly for oil and gas industry members and stakeholders, the Report proposes 17 policy directions which this article summarizes.

Key takeaway

The Report's proposed measures propose a further incorporation of oil and gas property tax compliance into licensing decisions and regulatory oversight. If the recommendations proposed by the Report are implemented, unpaid oil and gas taxes will affect a company's ability to maintain licences, transfer assets, and continue operations.

This is a further expansion on previous efforts to collect on municipal tax arrears, such as the AER's Bulletin 2023-22[1] which made municipal tax arrears above $20,000 payable before a well license may be transferred, and amendments to the *Municipal Government Act* which restored a special priority lien for taxes owed on certain property such as wells and pipelines.[2]

The Report's recommendations

The Report presents 17 recommendations to strengthen enforcement, improve stakeholder coordination, and reduce future arrears. These recommendations are organized across 5 themes as follows:

1. integrating property tax arrears into the AER's mandate;
2. treating tax compliance as a measure of industry and regulatory performance;
3. enhancing municipal enforcement capacity to enforce oil and gas tax accountability;
4. mitigating municipal impacts of property tax arrears; and
5. strengthening collaboration and communication between municipalities, the Province, and the AER on property tax payment.

The recommendations under each theme of the Report are as follows:

Theme 1: Integrating property tax arrears into the AER's mandate

1. Make property tax payment a condition of holding or maintaining an AER licence.

2. Empower the AER to initiate compliance action based solely on a licensee's tax arrears, enabling earlier intervention.

3. Establish a definition of "good standing in property tax payments" to inform AER compliance and enforcement action, with a licensee considered in good standing if it has no outstanding property tax arrears or if any arrears are fully covered by - and compliant with - a municipal tax repayment agreement.

4. Require the AER to prohibit licence transfers and the acquisition of new licences when a company is not in "good standing in property tax payments," as per the recommendation directly above.

5. Authorize the AER to use a licensee's history of property tax arrears as a basis for enhanced financial or compliance reporting requirements.

Theme 2: Property tax payment as a key measure of industry and regulatory performance

6. Revise how property tax arrears information is used when determining a company's Licensee Capability Assessment (LCA) by doing the following:

a. Determine and implement a consistent and impactful weighting for tax arrears within the broader LCA formula.

b. Provide public-facing information on how tax arrears inform the LCA determination process.

c. Provide municipalities with detailed information on how tax arrears are factored and weighted within LCA formula on a regular basis, including when the weighting changes.

d. Periodically evaluate the weighting to ensure it is effective in compelling payment of property taxes.

7. Treat property tax arrears as a formal compliance metric for industry-wide performance.

8. Include municipal tax payment indicators in AER performance dashboards and risk tools.

9. Require the AER to improve transparency and accountability by publishing how its risk-weighting methodology informs regulatory decisions and disclosing how property tax arrears influence risk assessments.

Theme 3: Enhancing municipal capacity to enforce oil and gas tax accountability

10. Municipalities utilize enhanced access to relevant regulatory and financial-risk information for companies with assessed assets in their jurisdiction to support earlier identification of potential non-payment risks and enable timely enforcement or mitigation actions. This should include developing, through Rural Municipalities Association, a municipal working group to continually review, evaluate, and share best practices related to company risk-monitoring and the use of local compliance and enforcement tools.

Theme 4: Mitigating municipal impacts of property tax arrears

11. Implement mechanisms to remove insolvent companies' assets from the assessment roll more expediently.

12. Renew and streamline the Provincial Education Requisition Credit (PERC) program, ensuring it is adequately funded to meet municipal needs until unpaid oil and gas taxes no longer present a material impact on rural municipalities.

13. Explore creating a financial support program to assist municipalities disproportionately affected by unpaid oil and gas property taxes.

Theme 5: Strengthening collaboration and communication between municipalities, the Province, and the AER on property tax payment

14. Enhance municipalities' collection and reporting of property tax arrears through the following actions:

a. Undertake consistent and fulsome reporting of tax arrears in accordance with new mandatory provincial reporting requirements.

b. Develop a uniform mechanism for tracking and reporting on repayment agreements.

15. Enhance Government's collection and reporting of provincewide oil and gas property tax arrears data through the following:

a. Establish mandatory municipal tax arrears reporting periods, including related to repayment agreements.

b. Broaden current data collection to include unpaid municipal and education property taxes, penalties, and interest.

c. Update processes for verification and sharing of municipal data.

d. Publish periodic public reports summarizing the status of unpaid municipal oil and gas property taxes across Alberta, including any relevant trends or analysis.

16. Enhance the AER's collection and reporting of company-specific property tax arrears through the following:

a. Develop and implement a system to directly notify a municipality when a company operating within the municipality is in non-compliance with a regulatory requirement.

b. In conjunction with municipalities, develop a municipal collaboration system to ensure that all municipalities have timely and direct access to the AER for questions, concerns, or sharing of information.

c. Regularly gather tax agreement information from municipalities, including a mechanism to allow for immediate municipal reporting of non-payment.

d. Publish periodic public reports summarizing how unpaid taxes informed compliance and enforcement action, as well as trends, analysis and linkages between non-payment of taxes and other regulatory non-compliance issues.

e. Establish a mandatory enforcement reporting system that publishes detailed investigation summaries, enforcement outcomes, timelines from non-compliance to resolution, and data on repeat non-compliance and operator behaviour change.

17. Establish a formal quarterly working group with participation from the AER, RMA, and rural municipal representatives to monitor trends and issues related to property tax payment, coordinate cross-jurisdictional concerns, and ensure municipalities receive timely notification of relevant AER compliance and enforcement actions.

Considerations

If the Report’s recommendations are adopted, it will have numerous implications on members of the oil and gas industry and stakeholders. These include tax compliance becoming an important consideration in licensing and well transfers. Under Theme 1, an AER licensee would be required to have good standing on municipal property tax payments (i.e. being less than 120 days behind on their property tax payments or having any arrears fully covered by a municipal tax repayment agreement) in order to maintain or transfer their AER license. Consequently, the presence of property tax

arrears would prevent a licensee from continuing to operate, including when the licensee keeps persistent property tax arrears under the current $20,000 threshold.

Under Themes 2 and 3, municipalities, and specifically rural municipalities, will take comfort in recommendation #9, which will require the AER to improve its transparency by publishing its methodology in regulatory decision making, and recommendation #10, which will provide municipalities with the information to better identify property tax collection risks for assets in their jurisdiction.

Municipalities would also benefit from Theme 4, where increased funding is made available to them, and they will be able to more accurately monitor insolvent companies by their removal from the assessment roll in a more expedient manner.

The most detailed recommendations are in Theme 5. The recommendations include enhanced measures for reporting repayment agreements along with other enhanced and mandatory reporting requirements. Recommendation #15 will require companies to report to the Province on repayment agreements. Recommendation #16 will allow the AER to better monitor and collect information when a company is non-compliant with tax obligations.

Conclusion

In light of the recommendations, should they be implemented, compliance with municipal tax obligations may become increasingly linked to a company's ability to operate within the Province. The Report highlights that unpaid oil and gas property taxes are a pervasive issue. The Report's recommendations combined with recent legislative amendments and regulatory bulletins, make clear that oil and gas property tax compliance should be top of mind for all involved in Alberta's oil and gas sector. While the recommendations are just that, recommendations, they signal a willingness for the Province to take steps to enhance the tools available to municipalities and the AER to recover tax arrears.

Footnotes

[1] Alberta Energy Regulator, Bulletin 2023-22 [2023], ("the Bulletin"), Online: Alberta Energy Regulator

[2] Municipal Government Act, RSA 2000, c M-26

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