

Pipeline assessment changes cost municipalities

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Some Southeast municipalities are expecting changes in mill rates as pipeline assessments change across the province.

The Manitoba Assessment Services went from RM to RM announcing that pipeline assessment practices will change from how much fixed pipeline is in a municipality to how much product is going through lines. The change is expected to negatively impact most southeastern municipalities.



ALEX LAMBERT THE CARILLON A sign for an Imperial Oil pipeline that passes underground just east of St. Adolphe in the RM of Ritchot.

"The province is currently consulting on these potential changes. There has been no decision made yet and any future decisions will be based on our continuing consultations and analysis," said an email from the office of Minister of Municipal and Northern Relations Ian Bushie. "Prior to the 2023 reassessment, there was significant risk to municipal property tax revenue from pipelines, which included severe reductions when pipelines operated at 50 percent or less capacity."

The email also said the under-used pipelines have been a large source of income, while more important lines aren't receiving fair compensation.

"Following assessment best practices of accuracy, fairness and equity, the potential change provides gradual levels of reductions in pipeline assessments to recognize economic factors that result in under-utilization while increasing pipeline assessments that are operating at full capacity."

Southeast municipalities have some of the longest sections of pipelines in the province. The impacts are broken down by municipality below.

RM of De Salaberry

At a May 7 council meeting where the Assessment Branch was giving its presentation, the RM said the change would have a large impact on the municipality's tax income.

CAO Denise Parent said it will cost the RM around \$100,000 in lost tax revenue and will lead to higher taxes for homeowners and farmers to make up the difference. She said the province also calculated the loss of income and came up with a total of around \$60,000. Parent said they used the same calculation, despite the different results.

She added that neither of those numbers are final yet.

RM of Emerson-Franklin

A spokesperson for the municipality said there will be a reduction in the assessed value of pipelines. They said it will go down by about two percent, which they described as "relatively small."

Neither the spokesperson nor council commented on how this will affect taxpayers and homeowners.

RM of Hanover

CAO Luc Lahaie said it's impossible to answer what impact it will have on the community as they don't know. He said the RM has around 10 kilometres of pipeline that passes through its soil.

Hanover met with the Assessment Service in their Finance and Administration meeting on May 16 where documents show the pipeline assessment will increase from \$10.1 million to \$12.1 million for an increase of 20.2 percent.

The railway assessment went up by 47.6 percent. Although that assessment is much lower, at just under \$400,000.

RM of Piney

Reeve Wayne Anderson said he is not expecting an immediate change in mill rates for the municipality, and says the new structure will have very little impact on the RM.

He continued to say he expects the rate to go up 20 percent but says that it is mainly because it was already going up in other parts of the assessment.

Anderson said he expects this to come into play a little more this fall when the RM does its budget.

The RM has kept its mill rate at around 12.09 percent for around 10 years and Anderson said it's his goal to try and make sure it stays the same.

RM of Reynolds

Reeve Russ Gawluk said the potential change would have a negative impact on the RM.

He said the 70 kilometres of pipeline underground is the most of any RM in the province, which could mean the biggest difference in assessment, based on the volume of flowing product.

"We can look at how the government traditionally does stuff, and it kind of gives you a warning before they go ahead and do it anyway," Gawluk said.

He refused to comment further, as the change is still yet to be official.

RM of Ritchot

A communications consultant for Ritchot said the change will have "little to no impact on the RM."

Ritchot had an online meeting with the assessment branch in May instead of an in-person council meeting. Both the Mayor and CAO declined to comment further.

RM of Springfield

CAO Colleen Draper said pipeline assessments increased by 3.2 percent this year.

RM of Ste Anne

Ward 6 Coun. and Deputy Reeve Randy Eros said the change would negatively affect Ste Anne.

He said the municipality will lose about \$62,000 per year from the potential change from a loss of revenue if the RM keeps the level of product currently flowing underground.

"If we want to maintain the same level of service that we do today, it means our ratepayers have to increase their tax burden to a company that already makes lots of money," said Eros.

As the municipality has 3,268 individual tax payers, CAO Mike McLennan said the change will mean the average taxpayer will have to fork out an extra \$18.97 a year to make up the loss.

"It doesn't seem fair that we would be either denying service to our ratepayers to keep their taxes at bay or increase their taxes to keep the same level of service because those become our options," Eros said.

Eros said he's also surprised with how late the RM heard of the potential change, which isn't great when they might have a large loss of revenue.

"Where do we make up that money, I think that's part of the frustration," he said. "Then again, it's probably something that's been going on in the backburners for a few years, it'll be interesting to see where it goes from here, this is certainly the first (Ste Anne) has heard about it."

City of Steinbach

There's no sign of hard times when it comes to pipelines in Steinbach.

At a June 18 meeting, council learned that pipeline assessments has gone up by 21 percent, second only to farm properties at 22.4 percent.

RM of Tache

Ken Allen, CAO for the RM said in an email that it would be premature to comment on the issue until full reviews and assessments are complete.

"The RM of Tache is currently reviewing the potential proposed pipeline rate changes, and assessing the potential impacts to Tache," Allen said in an email.

Other

Southeastern municipalities that don't have pipelines are the RMs of Stuartburn and Whitemouth, the Towns of Niverville and Ste Anne, and the Village of St Pierre.

Bushie's office also said the change was to more fairly align with railroads, manufacturing plants and grain elevators, which can be a direct competitor in the transportation of petroleum products.

"The potential new framework for pipeline assessments has improved alignment with assessment standards used across North America that recognize external economic impacts on property values including those used in Saskatchewan, which also include recognition for pipelines that are under-utilized."

Assessment Services declined to comment.

- with files from Greg Vandermeulen