



ALASKA DEPARTMENT OF REVENUE
DECISION NO. 26-56-02

On February 26, 2026, the State of Alaska, Department of Revenue (“Department”) issued a Notice of Preliminary Assessment under AS 43.56 for property owned by Alaska Ventures LLC (“AKV”). AKV and the City of Valdez (“Valdez”), collectively referred to as “Parties,” timely filed appeals pursuant to 15 AAC 56.020(a). The Parties were notified of each appeal pursuant to 15 AAC 56.020(b). This informal conference decision (“ICD”) constitutes the consolidated decision of the Department on the Parties’ appeals pursuant to 15 AAC 56.020(c).¹

IDENTITY OF THE APPEALING PARTIES

Alaska Ventures LLC
16021 E. Main Street
Cut Off, LA 70345-3804
ATTN: Luke Newman

City of Valdez
P.O. Box 307
Valdez, Alaska 99686
ATTN: Jordan Nelson

MUNICIPALITIES IN WHICH THE PROPERTY WAS LOCATED

City of Valdez

¹ The issues raised by the Parties in their appeals are all related and pertain to the same matter that spans several decades. The historical appeals were consolidated by the superior court and heard at trial in 2024. The consolidated decision of the superior court is now on appeal to the Alaska Supreme Court. The State Assessment Review Board has also held past hearings on this matter in a consolidated process and is expected to do so again if a hearing is held this year. The Department is conforming to the consolidated protocol set by precedent of higher authority in the procedural history of this matter by issuing a single ICD addressing all appeal claims of the Parties.

PROPERTY AT ISSUE

AKV:

<u>Property ID</u>	<u>Description</u> ²	<u>Assessed Value</u>
006-003-6005	Vessels	\$ 378,488,760

Valdez:

Valdez appealed the entire AS 43.56 preliminary assessment roll for its jurisdiction.³

ISSUES RAISED

AKV claims the majority of its property is not taxable under AS 43.56. AKV asserts that the value of its taxable property is \$20,264,820.

Valdez's primary claims are that property is missing from the assessment and that the property which was assessed is potentially valued too low. Regarding Valdez's opinion of full and true value, it states in its appeal that "...Valdez does not have sufficient information to adequately form an opinion on the full and true value of the taxable property included or omitted in the 2026 Assessment." All the Parties conclude that the assessment of property is either unequal, excessive, or improper.

BACKGROUND

The Trans Alaska Pipeline System ("TAPS") is an 800-mile pipeline system that runs from Alaska's North Slope to tidewater in Valdez. Valdez is where the Valdez Marine Terminal ("VMT") is located. Oil transported from the North Slope is stored in tanks at the VMT and loaded onto tankers for shipment. Property is taxable if it is used or committed for use for an oil spill response, prevention, or recovery plan necessary to the pipeline transportation of unrefined oil or to the operation or maintenance of the VMT or other facility used in the pipeline transportation of unrefined oil.⁴ In its 2013 decision on this matter, the superior court stated:

Oil that has been transported through the pipeline is stored at the Terminal and then loaded onto tankers to be shipped to refineries outside of Alaska. There are separate oil spill response plans required for the operation of the

² Ten tugs (Ross Chouest, Erlington, Latouche, Bainbridge, Ingot, Commander, Courageous, Contender, Champion, Challenger) and five barges (OSRB-1, OSRB-2, OSRB-3, OSRB-4, Barge 500-2), are included in the "Vessels" assessment.

³ 2026 City of Valdez AS 43.56 preliminary assessment roll, attached to ICD.

⁴ 15 AAC 56.075(b)(1).

Terminal and the tankers. The plans require that certain marine vessels be on call to respond in the event of an oil spill.⁵

In 2025, the superior court stated:

Without TAPS, there would be no need for tankers to service the Terminal, and no need for the Oil Spill Property under the direct or contractual control of the pipeline operator, Alyeska, to assist with tankers. As Judge Morse held, the Tanker C-Plan does not denote nontaxability and the regulation should not be read to assume that the Tanker C-Plan is a nontaxable purpose.

This Court holds that, as a matter of law, DOR's updated interpretation of taxability under AS 43.56.210(5) and 15 AAC 56.075 properly implemented the 2013 remand order of the Superior Court to "evaluate the commitment of the response equipment for all spills" and "evaluate the relationship of the Terminal and Tanker C-Plans" to ensure all property committed to taxable purposes is identified.⁶

As part of meeting the requirements of the terminal and tanker oil spill response plans ("c-plans"), Alyeska, as agent for the TAPS owners, contracts with AKV, which owns the vessel property under appeal. The vessel property is comprised of tugs and barges. The property is used in oil spill prevention, response, and recovery or in the operation and maintenance of the VMT or TAPS and is taxable pursuant to AS 43.56 and 15 AAC 56.075.

RELEVANT STATUTES AND REGULATIONS

Oil and gas property is taxed under **AS 43.56.010(a)**, which provides:

An annual tax of 20 mills is levied each tax year beginning January 1, 1974, on the full and true value of taxable property taxable under this chapter.

Under **AS 43.56.210(5)** "taxable property"

(A) means real and tangible personal property used or committed by contract or other agreement for use within this state primarily in the exploration for, production of, or pipeline transportation of gas or unrefined oil (except for property used solely for the retail distribution or liquefaction of natural gas), or in the operation or maintenance of facilities

⁵ *City of Valdez v. State Dept. of Revenue*, Nos. 3VA-00-00022 CI, 3VA-10-00084 CI, 3AN-11-07874 CI, 2013 WL 11324004, at *1 (Alaska Super. Nov. 18, 2013).

⁶ *City of Valdez v. Prince Pilliam Sound Oil Spill Response Corporation*, No. 3AN-22-06115CI, Findings of Fact and Conclusions of Law at 44-46 (Alaska Super. Aug. 7, 2025).

uses in the exploration for, production of, or pipeline transportation of gas or unrefined oil; “taxable property” includes

- (i) machinery, appliances, supplies, and equipment;
- (ii) drilling rigs, wells, (whether producing or not), gathering lines and transmission lines, pumping stations, compressor stations, power plants, topping plants, and processing units;
- (iii) roads, tank farms, tanker terminals, docks and other port facilities, and air strips;
- (iv) aircraft and motor vehicles owned by a person whose principal business in the state is the exploration for, production of, or pipeline transportation of gas or unrefined oil and whose operation of the aircraft or motor vehicle directly relates to the conduct of that business;
- (v) maintenance equipment and facilities, and maintenance camps and other related facilities; and
- (vi) communications facilities owned by a person whose principal business in the state is the exploration for, production of, or pipeline transportation of gas or unrefined oil and whose operation of the communication facilities directly relates to the conduct of that business[.]

15 AAC 56.075 provides:

- (a) For purposes of AS 43.56 and this chapter, property is
 - (1) “used primarily” for a purpose described in AS 43.56.210(5)(A) if that property is actually used for one or more of those purposes more than 50 percent of the property’s total operational time during the preceding tax year; and
 - (2) subject to (b) of this section, “committed by contract or other agreement for use primarily” for a purpose described in AS 43.56.210(5)(A) if that property is committed by contract, specification, or other expressed intention of the property owner to one or more of those purposes, regardless of whether the property was actually used in the preceding tax year.
- (b) Property that is used for or committed by contract or other agreement to a state approved oil spill response, prevention, or recovery plan is only taxable under AS 43.56 if the department determines that

- (1) the property is used or committed for use for an oil spill response, prevention, or recovery plan necessary to the pipeline transportation of gas or unrefined oil or to the operation or maintenance of a marine terminal or other facility used in the pipeline transportation of gas or unrefined oil; and
- (2) the property is not used or committed for use primarily for a purpose other than a plan described in (1) of this subsection.

SUPERIOR COURT DECISION (3AN-22-06115CI, August 7, 2025)

The superior court issued Findings of Fact and Conclusions of Law on this matter on August 7, 2025 and issued Final Judgment on December 5, 2025. The Court addressed the same property at issue and upheld the Department’s determination that the property is necessary for the pipeline transportation and the operation of the VMT and is therefore taxable.⁷ With the five escort tugs specifically, the Court found: (1) the tugs fall under the statutory definition of taxable property, (2) the tugs do not fall under a statutory exemption to taxability, (3) the legislative history and purpose of the taxability statutes supports the determination that the tugs are taxable, (4) the tugs fall under the Department’s regulatory definition of taxable property, and (5) the tugs are not exempt under 15 AAC 56.075(a)(1).⁸ The Court found that AKV and the other taxpayers and Valdez failed to meet their burden to show that the assessments are unequal, improper, excessive, or based on a fundamentally wrong principle of valuation.⁹ The Court rejected Valdez’s arguments that the Department failed to tax additional taxable property that was necessary for the pipeline transportation and the operation of the VMT. Following what the superior court described as “extensive discovery practice,” Valdez failed to demonstrate that any additional property not already accounted for by the Department is taxable, Valdez failed to show that the Department erred in its valuation, and Valdez failed to present evidence of value at trial.¹⁰

In conducting the 2026 assessment, the Department investigated the facts and circumstances and was not notified by AKV of any operational or other use changes of the vessels, either generally or as required by the tanker or terminal c-plans, relative to the previous year. Accordingly, the vessels’ primary use remained the same for Tax Year 2026. Therefore, under the same or similar facts and circumstances for Tax Year 2026, all AKV tugs and barges are assessed consistently with the superior court’s final determination on the taxability of the vessels.

⁷ *Id.* at 30.

⁸ *Id.* at 30-50.

⁹ *Id.* at 84-85.

¹⁰ *Id.* at 84.

ASSESSMENT

The Department's assessment is in accordance with mass appraisal standards and conducted uniformly with how all other similarly situated property in Alaska is assessed. In doing so, the Department relied on an application of the cost approach. Like many other assessing jurisdictions in Alaska and around the country in assessing personal property, the Department relied on a standard composite percent good schedule. Applying a composite percent good factor from the schedule to the property's historical installed cost based on the classification and age of the property accounts for inflation and depreciation and generates the assessed value.

APPEAL POINTS

AKV's appeal contains scattershot style objections that are devoid of substance, support, and legal analysis and fail to substantively address the issues as required by 15 AAC 56.020(a).¹¹ It is impossible for the Department to respond substantively to these deficient objections. The Valdez appeal shares the same failure as it is void of any support or substance regarding escaped property claims or valuation issues. Valdez explicitly states in its appeal, "it is impossible for Valdez to form its own opinion of the true value of the property assessed...." The Department disagrees with Valdez regarding this statement. Valdez also appears to express a desire to continue the Tax Year 2026 assessment process outside of the statutory time frame, stating in its appeal, "...Valdez will pursue the best information available from DOR and the taxpayers to ensure the 2026 Assessment reflects the full and true value of all property taxable under AS 43.56 within its jurisdiction."

DISCUSSION ON APPEAL POINTS

The Parties' appeals are, for the most part, recycled narratives from past tax years regarding this matter. The Department and the Superior Court have already addressed the points raised in the Parties' appeals through ICDs issued in 2022 covering Tax Years 1997 – 2022 and the Final Judgement issued in superior court case 3-AN-22-06115 CI. There was no new substantive information provided in the narrative of the appeals and no new information provided with the appeals relative to past tax year appeals by the same Parties on the same issues.

Due to the lack of form and substance of the appeals, it is essentially impossible for the Department to respond and implausible that an issue could be distinguished from past years requiring new or different analysis or conclusions by the Department. Under the same or similar facts and circumstances, the Department will not revisit a court decision that is just one-year old and is currently on appeal to the Alaska Supreme Court.

¹¹ Pursuant to 15 AAC 56.020(a), objections to the assessment are required to include: 1) a description of the property, 2) all objections, 3) the grounds for each objection, 4) a summary of the facts relating to each objection, 5) the appraisal principles that support each objection, and 6) the basis for the appealing party's opinion of value.

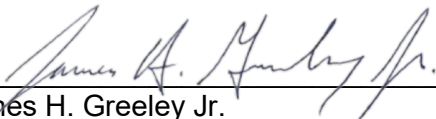
DECISION

The appeals do not meet the requirements of 15 AAC 56.020(a) in objecting to an assessment. For this reason and the reasons discussed above, the appeals are denied.

APPEAL NOTICE

The foregoing decision is a decision of the Department under 15 AAC 56.020(c). The decision may be appealed to the State Assessment Review Board within 50 days of the effective date of the original Notice of Assessment by filing a written appeal pursuant to 15 AAC 56.030. Appeals to the State Assessment Review Board must be date stamped received by 4:00pm on or before the expiration of the 50-day period at the following address:

DATED this 31st day of March 2026,

By: 
James H. Greeley Jr.
State Petroleum Property Assessor