



ALASKA DEPARTMENT OF REVENUE
DECISION NO. 25-56-03

On February 28, 2025, the State of Alaska, Department of Revenue ("Department") issued a Notice of Preliminary Assessment under AS 43.56 for property owned by Alyeska Pipeline Service Company ("Alyeska"), Prince William Sound Oil Spill Response Company ("PWSOSRC"), and Alaska Ventures LLC ("AKV"), collectively referred to as "Taxpayers." The Taxpayers 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

Alyeska Pipeline Service Company
P.O. Box 196660, MS 504
Anchorage, AK 99519-6660
ATTN: Teresa Fair

Prince William Sound Oil Spill Response Corporation
P.O. Box 196660, MS 504
Anchorage, AK 99519-6660
ATTN: Teresa Fair

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

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 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.

MUNICIPALITIES IN WHICH THE PROPERTY WAS LOCATED

City of Valdez

City of Whittier

City of Cordova

Unorganized Area of Alaska

PROPERTY AT ISSUE

Alyeska:

<u>Property ID</u>	<u>Description</u>	<u>Assessed Value</u>
001-000-8506	Equipment	\$ 4,397,130
006-003-6009	Equipment	\$ 70,344,100
011-000-9000	Equipment	\$ 313,070
012-000-9500	Equipment	\$ 3,364,590

PWSOSRC:

<u>Property ID</u>	<u>Description</u> ²	<u>Assessed Value</u>
006-003-6012	Barge Sawmill Creek	\$ 50,000
006-003-6013	Mini-Barges - 14	\$ 195,420
012-000-9502	Mini-Barges - 24	\$ 335,000

AKV:

<u>Property ID</u>	<u>Description</u> ³	<u>Assessed Value</u>
006-003-6005	Vessels	\$ 191,672,730

² All vessel property was listed on the PWSOSRC notice of assessment as "vessel(s)". It is described here by vessel name.

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

Valdez:

Valdez appealed the entire AS 43.56 preliminary assessment roll for its jurisdiction.⁴

ISSUES RAISED

The Taxpayers claim their property is not taxable under AS 43.56. Alyeska further claims the value for some of its property noted above is already captured in the Trans-Alaska Pipeline System (“TAPS”) assessment. The Taxpayers all assert that the value of their property is \$0.

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 2025 Assessment.” All the Parties conclude that the assessment of property is either unequal, excessive, or improper.

BACKGROUND

The 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.⁵ 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 Terminal and the tankers. The plans require that certain marine vessels be on call to respond in the event of an oil spill.⁶

To meet this requirement, the Taxpayers own various ancillary equipment and vessel type of property. The equipment includes, but is not limited to, oil containment booms, oil skimmers and skimming equipment, pumps, connexes, heavy equipment, and non-street legal rolling stock. The vessel property is comprised of tugs, barges, skimmers, mini-barges and smaller support vessels. 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.

⁴ 2025 City of Valdez AS 43.56 preliminary assessment roll, attached to ICD.

⁵ 15 AAC 56.075(b)(1).

⁶ *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).

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 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.

SARB DETERMINATION (OAH No. 19-0386-TAX, APRIL 12, 2022)

The State Assessment Review Board (“SARB”) issued a Certificate of Determination (“COD”) on this matter in April of 2022. The COD addressed the very same property that is now again under appeal. The SARB determined that for the spill prevention, response, and recovery property to have “primary use” pursuant to 15 AAC 56.075(a)(2) and therefore be taxable, the property must pass two tests. First, the property is used or committed for use to a pipeline, pipeline facility, or terminal c-plan. Second, the property is not used or committed for use primarily for a purpose other than one of those c-plans. The SARB found that all the property assessed by DOR met the first test, but that some of the tug property did not meet the second test. Specifically, the SARB found that five escort tugs owned by AKV were not taxable because of parallel commitments those tugs held with tankers.

In conducting the 2025 assessment, the Department investigated the facts and circumstances and was not notified by the Taxpayers of any operational or other use changes of the properties, either generally or as required by the tanker or terminal c-plans, relative to the previous year. Accordingly, the properties primary use remained the same for Tax Year 2025. Therefore, under the same or similar facts and circumstances for Tax Year 2025 the same five AKV tugs are again not assessed. The taxability status for the remaining property is assessed consistently with the SARB COD OAH No. 19-0386-TAX.

ASSESSMENT

The Department assessed the personal property in accordance with mass appraisal standards and equally 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

The Taxpayers appeals all contain 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).⁷ One bullet point asserting the objection does not suffice. It is impossible for the Department to respond substantively to these deficient objections. Though not formatted with bullet points, Valdez's appeal shares the same failures as the Taxpayers appeals 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 2025 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 2025 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, unoriginal recycled narratives from past tax years regarding this matter. The Department and the SARB have already addressed the points raised in the Parties' appeals through ICD's issued in 2022 covering Tax Years 1997 – 2022 and the SARB COD 19-0386-TAX. 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 SARB decision that is less than three-

⁷ 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. 15 AAC 56.020(a).

years old and is currently on consolidated appeal in the superior court, for which a trial was held in 2024, and the Parties are awaiting a decision.

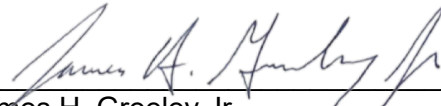
DECISION

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 1st day of April 2025,

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

State of Alaska
2025 Preliminary Assessment Roll
City of Valdez - 006

Name and Address of Owner	Property ID	Description of Property	Assessed Value
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ALASKA VENTURES LLC 16201 E MAIN ST CUT OFF, LA 70345 ATTN: LUKE NEWMAN FEIN: 81-1650735 PTA-10056868-003	006-003-6005	VESSELS	\$190,546,390
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ALYESKA PIPELINE SERVICE COMPANY PO BOX 196660 # MS 504 ANCHORAGE, AK 99519 ATTN: TERRY FAIR FEIN: 92-0039154 PTA-10019488-012	006-003-0020	TERMINAL (EXCLUDING TANKAGE)	\$1,636,180,670
	006-003-0023	MATERIALS AND SUPPLIES	\$16,211,410
	006-003-0027	TERMINAL TANKAGE AND RELATED PROPERTY	\$140,029,420
	006-003-0028	MATERIALS AND SUPPLIES	\$1,644,110
	006-003-0069	PIPELINE PROPERTY (21.4 MILES)	\$108,334,390
	006-003-6009	EQUIPMENT	\$70,344,100
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ASRC ENERGY SERVICES EQUIPMENT LLC 3900 C ST STE 701 ANCHORAGE, AK 99503 ATTN: MEGAN NEZATICKY FEIN: 81-4455456 PTA-10048673-003	006-003-0056	SERVICE COMPANY EQUIPMENT	\$711,170
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State of Alaska
2025 Preliminary Assessment Roll
City of Valdez - 006

Name and Address of Owner	Property ID	Description of Property	Assessed Value
CCI INDUSTRIAL SERVICE, LLC 5020 FAIRBANKS ST ANCHORAGE, AK 99503 ATTN: ASHLEY WAMSLEY FEIN: 27-2328428 PTA-10016239-003	006-003-6007	SERVICE COMPANY EQUIPMENT	\$1,323,960
PRICE GREGORY INTERNATIONAL, INC. 24275 KATY FWY STE 500 KATY, TX 77494 ATTN: DETRONIA CHATMON FEIN: 73-1103884 PTA-10033150-008	006-003-6008	SERVICE COMPANY EQUIPMENT	\$9,400
PRINCE WILLIAM SOUND OIL SPILL RESP PO BOX 196660 # MS 504 ANCHORAGE, AK 99519 ATTN: TERRY FAIR FEIN: 92-0136242 PTA-10015203-008	006-003-0043	VESSEL	\$642,160
	006-003-0044	VESSEL	\$642,160
	006-003-0045	VESSEL	\$1,998,940
	006-003-0049	VESSEL	\$2,932,960
	006-003-0050	VESSELS	\$139,580
	006-003-0051	VESSEL	\$11,027,580
	006-003-6012	VESSEL	\$50,000
	006-003-6013	VESSELS	\$195,420
Total:			\$2,182,963,820