

Memorandum of Understanding
Between the State of Alaska, Department of Revenue, and the City of Valdez

This Memorandum of Understanding ("MOU") is made and entered into by and between the State of Alaska, Department of Revenue ("Department"); and the City of Valdez ("City"), a municipal corporation; and

WHEREAS, under AS 43.56.060 the Department of Revenue has sole authority to assess the value of taxable property for the tax levied under AS 43.56.010 and AS 29.45.080 on property used or committed by contract or other agreement for use within the state primarily in the pipeline transportation of gas or unrefined oil, or in the operation or maintenance of facilities used in the pipeline transportation of gas or unrefined oil, at its full and true value as of January 1 of the assessment year; and

WHEREAS, AS 43.56.060(g) allows the Department to enter into agreements with a municipality for the cooperative or joint administration of the assessing authority conferred on the Department by AS 43.56.060; and

WHEREAS, the City has property within its boundaries that is used or committed by contract or other agreement for use for the pipeline transportation of gas or unrefined oil that the Department assesses annually pursuant to AS 43.56.060; and

WHEREAS, the City and the Department have engaged in litigation relating to the tax assessments of oil and gas property within the City; and

WHEREAS, the intent of this MOU is for the Department and City to work cooperatively together on an audit or audits, covering all issues from tax years 1997 through 2016, and to include future tax years after appeals are lodged and the assessment roll is certified, in order to establish between the two parties a unified approach to the AS 43.56 process, including consensus on what property is and is not taxable and on the assessed value of taxable property.

NOW THEREFORE, the Department and the City agree as follows:

1. The Department retains sole authority to determine the property that is taxable under AS 43.56 and the full and true value of such property, while the City maintains its right to appeal from such determinations.
2. The City will join the Department under AS 43.56.060(g) in the cooperative and joint administration of the audit or audits for oil and gas property located within the City. At the Department's direction, the City will advise and assist the Department in this process by undertaking the primary audit responsibilities, including, but not limited to: developing a methodology for conducting an audit or audits to address the City's concerns; hiring experts at the City's expense; analyzing data including all relevant taxpayer information; performing audit calculations; and providing conclusions to the Department for consideration.

3. In conducting the audit or audits, the Department will assist the City in the City's investigation of oil and gas property within its jurisdiction under the provisions of AS 43.56.080, provided the City furnish the Department advance notice of any investigation and the Department approves any investigation.

4. The Department and the City agree to exercise good faith in upholding the intent of this MOU.

5. In joining with the Department under this MOU, the City is bound by the confidentiality requirements of AS 40.25.100, AS 43.05.230, and other applicable confidentiality provisions as interpreted by the Department. The City's current and former officers, employees, attorneys or other agents must comply with such confidentiality requirements to the same extent that the provisions apply to current and former officers, employees, attorneys or other agents of the Department. If the City and the Department disagree as to the applicability or scope of the confidentiality provisions with regard to any particular information, the City shall retain such information as confidential, whether or not either party withdraws from this MOU.

6. In joining with the Department under this MOU, the City shall bear its own costs, including costs of personnel, travel, and lodging.

7. The City and the Department shall hold the other harmless from any liability that may arise from performance under this MOU.

8. The City or the Department may, in its sole discretion, withdraw from this MOU after providing the other party with 30 days' notice of the withdrawal.

IN WITNESS THEREOF, the State of Alaska, Department of Revenue and the City of Valdez have executed this MOU on the dates listed below.

STATE OF ALASKA
DEPARTMENT OF REVENUE

Commissioner of Revenue or Designee

Date

CITY OF VALDEZ

Ruth E. Knight, Mayor

Date

Attest: _____
Sheri L. Pierce, MMC, City Clerk

Approved as to Form

By: _____
Robin O. Brena, City Attorney