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In re Equalization Appeal of Coffeyville Resources Nitrogen Fertilizers, L.L.C.

Court of Appeals of Kansas - August 9, 2013 - Slip Copy - 2013 WL 4046403

This was a judicial review action arising out of Montgomery County's classification, valuation, and assessment of certain assets owned by Coffeyville Resources Nitrogen Fertilizers, L.L.C. The Montgomery County appraiser classified, valued, and assessed the 699 assets in dispute—which are used by Coffeyville Resources at a nitrogen fertilizer plant—as real property. The Kansas Court of Tax Appeals (COTA) found in a 2–1 decision that the assets in dispute were properly classified as real property and that the fair market value of the real property was $303,066,836.

The appeal raised three issues. First, whether COTA utilized the appropriate test in classifying the disputed assets as real property. Second, whether COTA erred in concluding that Coffeyville Resources failed to establish a violation of its constitutional right to uniform and equal tax treatment. Third, if COTA erred in relying on Montgomery County's appraisal of the disputed assets.

As to the first issue, the appeals court found that the lower court's failure to make findings of fact and conclusions of law regarding the individual assets—or groups of similar assets—in dispute made it difficult—if not impossible—for the court to meaningfully review whether COTA appropriately applied the Total Petroleum factors in this case. It therefore remanded this matter to COTA to make specific findings and conclusions, based on the Total Petroleum factors, as to whether each asset—or group of assets—should be classified as real property or personal property.

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