

Bond Case Briefs

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TAX - ALASKA

City of Valdez v. State

Supreme Court of Alaska - April 29, 2016 - P.3d - 2016 WL 1719372

Municipalities challenged Department of Revenue regulation, under which all appeals of oil and gas property tax valuation were to be heard by State Assessment Review Board (SARB), while appeals of oil and gas property taxability were to be heard by Department, arguing that regulation contradicted statute that granted SARB exclusive jurisdiction over all appeals from Department's assessments of oil and gas property.

The Superior Court upheld regulation as valid. Municipalities appealed.

The Supreme Court of Alaska held that:

- Regulation was subject to substitution of judgment standard of review;
- Regulation was not entitled to deference afforded to longstanding and continuous interpretations of enabling statutes; and
- As a matter of first impression, regulation was invalid.

Department of Revenue regulation, under which all appeals of oil and gas property tax valuation were to be heard by State Assessment Review Board (SARB), while appeals of oil and gas property taxability were to be heard by Department, did not implicate Department's expertise or fundamental policies, and thus substitution of judgment standard of review applied in assessing validity to Department's interpretation of enabling statute establishing overarching regime for statewide assessment of oil and gas property in municipalities' challenge to regulation. Case involved both statutory interpretation of a non-technical statutory term, a task in which courts were well versed, and question of scope of and relationship between Department's and SARB's jurisdictions.

Department of Revenue regulation, under which all appeals of oil and gas property tax valuation were to be heard by State Assessment Review Board (SARB), while appeals of oil and gas property taxability were to be heard by Department, was not entitled to additional deference afforded to longstanding and continuous interpretations of enabling statutes in proceedings on municipalities' challenge to regulation as conflicting with statute establishing overarching regime for statewide assessment of oil and gas property. Application of regulation was not consistent.

Department of Revenue regulation, under which all appeals of oil and gas property tax valuation were to be heard by State Assessment Review Board (SARB), while appeals of oil and gas property taxability were to be heard by Department, was invalid, since regulation had no reasonable basis in enabling statute establishing overarching regime for statewide assessment of oil and gas property. Department's interpretation of statute through regulation was inconsistent with statute's text, which indicated that assessment encompassed initial taxability determination, statute's legislative history, which indicated it was unlikely that legislature intended to create a bifurcated appeal process without expressly doing so, and statute's purpose.

