
TAX - ARIZONA

South Point Energy Center LLC v. Arizona Department of Revenue

Supreme Court of Arizona - April 26, 2022 - P.3d - 2022 WL 1218639

Non-Indian lessee of land owned by the federal government in trust for Indians initiated lawsuits seeking refund of payments for county property taxes imposed on power plant it operated on the land.

The Arizona Tax Court consolidated the lawsuits and granted summary judgment for the county. Lessee appealed. The Court of Appeals reversed and remanded. County's petition for review was granted.

The Supreme Court held that:

- As a matter of first impression, the Indian Reorganization Act does not expressly exempt state and local taxes imposed on permanent improvements affixed by non-Indian lessees to land owned by the federal government in trust for Indians when the parties agree that the lessee owns those improvements, and
- Ad valorem tax imposed on power plant was not preempted by the Act.

The Indian Reorganization Act does not expressly exempt state and local taxes imposed on permanent improvements affixed by non-Indian lessees to land owned by the federal government in trust for Indians when the parties agree that the lessee owns those improvements.

Non-Indian lessee owned power plant on land purportedly acquired by the federal government under the Indian Reorganization Act and held in trust for the benefit of the tribe, and thus, the Act did not expressly preempt county's ad valorem property tax on the plant, since the lease provided that lessee owned the permanent improvements.

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