

Bond Case Briefs

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Petrogas Pacific LLC v. Xczar

Court of Appeals of Washington, Division 1 - November 28, 2022 - P.3d - 2022 WL 17246775

Taxpayer, the owner and operator of a liquefied petroleum gas terminal and wharf, petitioned for judicial review of decision of Board of Tax Appeals concerning property tax valuation.

The Superior Court certified the case for direct review and affirmed. Taxpayer appealed.

The Court of Appeals held that:

- Intangible personal property was required to be included in properties' taxable value;
- Aquatic lands lease would be considered when determining properties' market value; and
- Substantial evidence supported Board's decision to reject taxpayer's appraisal.

Intangible personal property was required to be included in taxable value of taxpayer's liquefied petroleum gas (LPG) terminal and wharf for property tax purposes, including an increased demand for LPG in Asian markets, properties' proximity to these markets, properties' uniqueness and scarcity as the only LPG export facility on the West Coast, and utility as an integrated unit since wharf would have had no ability to ship LPG via ocean-going vessels without terminal.

Aquatic lands lease pertaining directly to use of taxpayer's wharf, which directly contributed to business of taxpayer's liquefied petroleum gas (LPG) terminal, affected the highest and best use of taxpayer's properties, and thus lease would be considered when determining properties' market value for property tax purposes; terminal used wharf to ship LPG across the Pacific Ocean, lease allowed taxpayer to dock 48 ships at the pier per year, and value of wharf would have been diminished without this permitted use.

Substantial evidence supported decision of Board of Tax Appeals to reject taxpayer's appraisal that failed to account for sales of wharf and liquefied petroleum gas (LPG) terminal to taxpayer, which had occurred within five years of valuation, when determining properties' market value for property tax purposes; taxpayer's appraisal failed to consider intangible characteristics including proximity to Asian markets, scarcity of LPG facilities on the West Coast, aquatic lands lease, and the number of ships that could land at the wharf annually.