



**Dan Bucks**  
Director

# Montana Department of Revenue



**Brian Schweitzer**  
Governor

To: Dan Bucks, Director

From: C. A. Daw, Chief Legal Counsel

Date: September 13, 2012

Subject: Response to Petroleum Association Representative

Despite the representations of Mr. Dave Galt of the Petroleum Association that cases should go to County Tax Appeals Boards (CTABs) in the initial instance, his clients at CHS continue to seek to enjoin the CTABs from hearing their case and have instead pursued lengthy, not particularly relevant or fruitful declaratory judgment actions. A pleading from the litigation CHS has undertaken seeking to enjoin any CTAB hearings is on the Department's website.

At Mr. Galt's introduction, a CHS representative insisted on the validity of using an EDC valuation approach. The Department differs on whether the approach is a valid, accepted valuation methodology. It is certainly not one described in rules or statute. On the other hand, Phillips 66 (new owner of Conoco/Phillips refinery) has abandoned that approach and the expert advocating it. The recent sale of the Great Falls Refinery clearly demonstrates that EDC factors in Montana are significantly higher than represented by CHS. A pleading from the Phillips 66 litigation showing this point is also on the Department's website.

In addition, Mr. Galt is well aware of the Department's annual promulgation of trend tables for cost approach valuation of commercial and industrial personal property and has personally visited with the Director regarding the Department's modification of trend tables to correct an error in the trending of seismographic equipment. The Department's trending rules appear at ARM 42.22.1301 et seq. and the trends have been updated annually through the Department's public rule promulgation analysis.