

MINUTES OF THE SPECIAL SESSION OF
THE CADDO PARISH COMMISSION
TAX BOARD OF REVIEW
HELD ON THE 11th DAY OF SEPTEMBER, 2024

The Caddo Parish Commission met in a Special Session—Tax Board of Review, on the above date, at 1:30 p.m., in the Government Chambers, with Mr. J. Young, presiding, and the following members in attendance constituting a quorum: Commissioners Atkins, Blake, Burrell, Cothran, Epperson, Jones, Lazarus, Thomas, G. Young, and J. Young (10). ABSENT: Commissioners Gage-Watts and Kracman (2).

The invocation and Pledge of Allegiance were given at another meeting held on this day. There were no Citizens Comments, so the Commission moved onto New Business.

NEW BUSINESS

At this time, the Commission sat as the Tax Board of Review to hear appeals from companies and personal property owners within Caddo Parish. Mr. Charlie Henington, Caddo Parish Tax Assessor, presented the 2024 personal property and company appeals.

Mr. Rodney Bell, Supervisor in the Caddo Parish Tax Assessor's Office, said that DCP East Texas Gatherings, LP—Account #828974807 sent in an appeal. When they returned their rendition to the Tax Assessor's Office, they had the wrong information on it. An assessment notice was then sent out on August 13 with the correct information and the correct market value. Mr. Mitchell, DCP, called the Tax Assessor's Office and began discussing the values with the Oil & Gas Supervisor, Anthony Jones. Mr. Mitchell requested 15% obsolescence with the incorrect information. He emailed the appeal to the Tax Assessor's Office on September 4. Once they showed Mr. Mitchell that he had the wrong information, he increased his obsolescence request to 68%. They did not provide the calculations of their market value or assessed value. He also said that Mr. Mitchell explained that the company has a new owner, and the originally purchased the pipeline but didn't pay that much for it. Mr. Bell said that he is unsure of what they paid for the pipeline. Mr. Mitchell is now asking that the acquisition calls represent their new purchase price. That's not how that works in ad valorem taxes—the historical cost is the cost. That doesn't change even if its changes ownership. Mr. Bell explained that the value of the pipelines is valued according to their diameter and their length. He also said that they have yet to receive information or financial documentation to support their requests for obsolescence.

Mr. Atkins wanted to know if they received any correspondence to why the back up documentation has not been submitted. Mr. Bell said that they have not.

Zachary Mitchell, Ryan LLC, explained that they are a tax agent that represents the taxpayer in this case. He explained that this is a natural gas pipeline. He further stated that the Parish Tax Assessor valued the pipeline at \$7.3M, but it is their opinion that the market value for the pipeline is \$2.3M. Mr. Mitchell also mentioned that the 15% reduction was offered to them, they did not ask for it. He said that the new owners purchased the pipeline in late August, so it has been a time crunch to get the documentation to the Assessor's Office. The total pipeline was purchased for \$45M, which is roughly 600 miles of pipeline, and only 14 miles is in Caddo Parish—which is 2% of the total pipeline. Based on the purchase price, that comes to be about \$1M.

Mr. Mitchell further explained that the Louisiana Tax Commission has guidelines on how to value a pipeline, and it is broken into four parts. There's the cost per mile of the pipeline, diameter and other factors, depreciation, and economic obsolescence. In the LTC guidelines, assessment will be based on fair market value, functional and/or economic obsolescence shall be considered in the analysis of the fair market value as substantiated by the taxpayer. Pipelines sales should be considered. He explained that he looked at the entire pipeline against the LTC tables, and without any economic obsolescence, LTC would value the pipeline at \$109M. The sell price using their methodology, it would be about a 59% reduction. He also said that some of the pipeline isn't tangible, so they aren't taxable assets.

Mr. G. Young wanted to know Mr. Mitchell's relationship with DCP. Mr. Mitchell explained that he works for Ryan LLC, which is the tax agent for DCP. They are currently working with the prior owner and the new owner. Mr. G. Young said that without sufficient documentation, their claim is weakened. Mr. Mitchell understood and said that they plan to provide this information, but they don't have it at this time.

Mr. Atkins wanted to know if the Commission has the option to extend the deadline until proper information is obtained. Mr. J. Young said that the Commission's decision can be appealed to the Louisiana Tax Commission. Assessor Henington explained that they could work something out if information is provided between now and the hearing at the Louisiana Tax Commission. At that point, they could withdraw their appeal. Mr. Atkins said that the Louisiana Tax Commission has tables saying the value is at \$7M, but the real transaction is about \$1.2M. He tends to believe the market value over the tables. The variance needs to be addressed with additional information, he said.

Mr. Bell added that a sale does not necessarily justify or equal the market value. There are many factors that could go into the sale that they are not aware of. He said that it could be a distress sale,

just like a foreclosure. Pipelines are valued based on the diameter and their length. The historical cost doesn't change because there is a new owner.

Mr. Burrell wanted to know the percentage of obsolescence they are asking for. Mr. Mitchell said that they are asking for 68%.

It was **moved by Mr. J. Young**, seconded by Mr. G. Young, *to uphold the recommendation from the Caddo Parish Tax Assessor's Office and refer this matter to the Louisiana Tax Commission if DCP East Texas Gatherings LP decides to further the appeal.*

Mr. Atkins agreed with Mr. J. Young. He said that they should support the Tax Assessor's findings because they do not have any other documentation to support any other claim.

At this time, Mr. J. Young's motion carried, as shown by the following roll call votes: AYES: Commissioners Atkins, Blake, Burrell, Cothran, Epperson, Jones, Lazarus, Thomas, G. Young, and J. Young (10). NAYS: None (0). ABSENT: Commissioners Gage-Watts and Kracman (2). ABSTAIN: None (0).

There being no further business to come before the Commission, the meeting adjourned at 2:01 p.m.


Michelle Nations
Assistant Commission Clerk


John-Paul Young
President