

HORSEHEADS CENTRAL SCHOOL DISTRICT

November 2, 2015

TO: Board of Education

FROM: Conrad R. Wolan, Esq., School Attorney

SUBJECT: Application of Anschutz Exploration Corporation for Partial Refund of 2014-2015 School Taxes Relating to Parcel 49.00-1-6.1/1 (760a Old Ithaca Road) in the Town of Horseheads

Pertinent Information

Anschutz Exploration Corporation (“Anschutz”) is the owner of the “Ruger Economic Unit” natural gas well identified on the Tax Map of the Town of Horseheads as 49.00-1-6.1/1. On May 4, 2015, Anschutz filed an application (the “Application”) with the Chemung County Director of Real Property Tax Services pursuant to Section 556(2) of the Real Property Tax Law (“RPTL”), which permits a taxpayer to seek a refund from a tax levying body where the tax paid was attributable to a clerical error or unlawful entry. Anschutz alleges that there were “clerical errors” and “unlawful entries” on the 2014 Town of Horseheads Tax Assessment Roll that entitle it to a partial refund of 2014-2015 school taxes paid based upon the 2014 Tax Assessment Roll.

Section 556 of the RPTL required Anschutz to file its Application with the Chemung County Director of Real Property Tax Services, Theresa R. Murdock (the “Director”), who was then required to investigate the Application and transmit a written report to the District as the subject tax levying body. The District has received the Director’s report that recommends denial of the Application. The District now must reject or approve the application.

Evaluation/Analysis

Article 5 of the RPTL governs the assessment of oil and gas economic units and provides that units such as the Ruger Economic Unit shall be assessed on an annual basis in accordance with a mathematical equation based in part on the annual production of the economic unit. Anschutz alleges that the 2014 assessment for the Ruger Economic Unit should have been \$1,692,232.87. The actual 2014 assessment was \$4,124,523.00. Anschutz seeks a refund of \$46,646.31 in 2014-2015 school taxes it paid based upon the actual assessment.

The Director concluded in her report to the District that Anschutz failed to comply with Section 595 of the RPTL, which requires the producer of an economic unit to provide the local assessor with a true and accurate copy of its annual production report filed with the Department of Environmental Conservation at least forty-five (45) days prior to the tentative assessment roll date. The Director’s investigation revealed that the Assessor for the Town of Horseheads never received the annual production report from Anschutz, despite timely demand by the Assessor under 595 of the RPTL for such production report. Thus, the Director concluded that Anschutz was not entitled to object to an alleged failure of the Assessor to correctly apply the assessment formula on the 2014 Tax Assessment Roll.

Based on a review by the School Attorney, the District has no reason to disagree with the Director's report that recommends denying the Application.

Recommended Resolution

That the Board of Education hereby rejects the above-referenced Application for the reasons in the Director's report, and authorizes and directs the Board President, Superintendent, and School Attorney to take all actions necessary to effectuate the foregoing resolution.