

Arizona Tax Conference 2013

Litigation Update

Patrick Irvine
Fennemore Craig PC

Property Tax Cases

- *Cable One v. ADOR*, 304 P.3d 1098 (Ariz. App. Jun. 11, 2013), rev. pending.
- Dispute over whether property is to be centrally valued.
- Court holds taxpayer was taxable as a “telecommunications company” subject to central assessment because it provided telephone service.

Property Tax Cases

- *Scottsdale Princess Part. v. Maricopa County*, 286 P.3d 174 (Ariz. App. Oct. 4, 2012).
- Dispute over whether property qualified as Class Nine or Class One.
- Court holds property is Class One, because it is not used “primarily” for convention activities.

Property Tax Cases

- *SHR Scottsdale X v. Maricopa County*, (Ariz. App. Memo Dec. Jan. 3, 2013), motion for reconsideration pending.
- Dispute for 2006 regarding ownership of improvement – taxpayer argues City owns improvements.
- Court finds prior court judgments held City did not own improvements and those judgments are binding.

Property Tax Cases

- *Church of the Isaiah 58 Project v. La Paz County*, 1 CA-TX 12-0001 (Ariz. App. Sept. 12, 2013).
- Dispute over whether property qualified as tax-exempt and when.
- Court affirmed dismissal of claims for injunctive and declaratory relief, finding procedures to claim exemption were not followed.

Property Tax Lien Case

- *Delo v. GMAC Mortgage, LLC*, 302 P.3d 658 (Ariz. App. May 8, 2013)
- Quiet title action after foreclosure of tax lien; holder of promissory note disputes sale because of lack of notice.
- Court finds ownership interest of note holder sufficiently disclosed to bar foreclosure without giving notice.

Pending Property Tax Cases

- *Penn Raquet Sports v. Maricopa County*,
No. 1 CA-TX 13-0001
- Issue involves whether valuation methodology was an error for purposes of the error correction statute.

TPT Cases

- *Home Depot v. ADOR*, 287 P.3d 498 (Ariz. App. Oct. 2, 2012).
- Retailer claimed bad debt deduction related to credit cards issued by third parties.
- Court finds taxpayer was not the creditor so no bad debt deduction is allowed.

TPT Cases

- *Mt. Germann & Ellis, LLC v. City of Chandler*, (Ariz. App. Memo. Dec. Dec. 18, 2012).
- Speculative builder argued some of its improvements were completed more than 24 months before sale date, so no tax.
- Court finds improvements meant entire project, so all taxable.

TPT Cases Pending

- *CCI Europe Inc. v. ADOR*, No. 1 CA-TX 13-0002.
- *KLP v. ADOR*, No. 1 CA-TX 13-0002.
- *Chandler v. Whitewing*, 1 CA-TX 12-0008.

Income Tax Case

- *Stearns v. ADOR*, 291 P.3d 369 (Ariz. App. Nov. 29, 2012).
- Dispute over calculation of credit for taxes paid to other states; taxpayer argued previous case controlled.
- Court held for ADOR, upholding its revised interpretation; res judicata did not apply; statute of limitations barred some claims.

Income Tax Cases Pending

- *Home Depot v. ADOR*, No. 1 CA-TX 12-0005.
- *Harris Corp. v. ADOR*, No. 1 CA-TX 11-0006.
- *First Data et al. v. ADOR*, No. 1 CA-TX 11-0008.