

# MEMORANDUM

**State of Alaska**  
**Department of Administration**  
**Division of Personnel & Labor Relations**

**To:** Nicki Neal  
Director

**Date:** September 14, 2009

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**Subject:** Assistant Petroleum Property Assessor

## **Preamble:**

The Tax Division, Department of Revenue, submitted a position description in December, 2008, with a request to establish a new Assistant State Petroleum Property Assessor job class. The position was examined for allocation to an existing job class and forwarded to the class study team when no appropriate job class was found.

## **Study Scope:**

The study addresses a single position whose work is not properly allocated to an existing job class.

## **Study Contacts:**

James Greeley, State Petroleum Property Assessor, and Johanna Bales, Deputy Director, Tax Division, served as study contacts and subject matter experts for this project.

## **History of Job Class:**

02/16/1974 – Established; Petroleum Property Appraiser II (P1248/20)

10/17/1994 – Abolished; no positions in job class.

## **Class Analysis:**

The petroleum property tax section is responsible for assessing the value of real and personal property associated with the exploration, production, and pipeline transportation of oil and gas within the State; auditing petroleum property tax payers; responding to tax appeals; and providing expert witness in administrative hearings before the State Assessment Review Board.

The section currently comprises the State Petroleum Property Assessor, a Tax Technician, and a College Intern. In the recent past the tax assessment expertise and assistance required to complete the program's function has been acquired through professional service contracts. The Tax

Division has decided to establish a position to provide this expertise and assistance, rather than continue working with contractors.

The position will assist the section manager in setting and meeting program goals; developing policy recommendations; and responding to tax appeals. The position will provide technical expertise in petroleum property assessment; independently update a comprehensive inventory of real and personal property to develop annual full and true value estimates of taxable petroleum property; and conduct tax payer audits.

The State's classification plan provides for grouping positions into job classes when they are sufficiently similar with respect to duties and responsibilities, degree of supervision exercised and received, and entrance requirements that:

- 1) the same title can be used to clearly identify each position;
- 2) the same minimum qualifications for initial appointment can be established for all positions;
- 3) the same rate of basic pay can be fairly applied to all positions; and
- 4) employees in a particular class are considered an appropriate group for purposes of layoff and recall.

Job classes are constructed as broadly as is feasible as long as the above tests of similarity are met.

In existing job classes the work of real property appraisal is found in the Appraiser series and the Assistant State Assessor job class. The Appraiser series is distinguished by the responsibility for determining the fair market value of realty and/or property interests in preparation for sale of State-owned land. The Assistant State Assessor is distinguished by responsibility for advising and assisting municipalities on procedures for real property assessment, valuation, and taxation; and monitoring the assessment practices for all taxing jurisdictions to ensure compliance with State and federal tax laws.

The work of auditing taxpayers, reviewing disputes, participating in administrative hearings, and administering tax billing, receipts, and payment reconciliation is found in the Tax Auditor, Corporate Tax Auditor, Oil and Gas Revenue Auditor, and Revenue Appeals Officer series. These series are distinguished by their responsibility for performing audits of taxpayers in specific tax programs, explaining tax requirements to taxpayers, and preparing materials for resolving tax disputes.

The tax auditing and dispute resolution responsibilities, along with the required level of knowledge and skills particular to the oil and gas industry, precludes the study position from meeting the tests of similarity with the Appraisers and Assistant State Assessor for titling, minimum qualifications, and grouping for layoff and recall. The specialized nature of ad valorem tax assessment of real and personal property precludes the position from meeting the tests of similarity with the tax auditing classes for purposes of titling, minimum qualifications, and grouping for layoff and recall. A new job class that combines the appraisal and auditing work is required.

A three-level Petroleum Property Appraiser series previously existed which covered the mix of professional work in managing, planning, and conducting appraisals of oil and gas exploration, production, and pipeline transportation properties for tax purposes. The series was abolished after staffing reductions removed positions from the program. To provide an appropriate job class for the submitted position we resurrected the journey level of the series, Petroleum Property Appraiser II, and revised it to reflect the scope and level of work assigned the new position.

Class Title:

A class title should be the best descriptive title for the work. It is intended to concisely and accurately convey the kind and level of work performed and should be brief, easily recognized, gender neutral, and understood by potential applicants.

To highlight the specialized nature of the tax assessment work and the level of the position, the title for the class is changed to Assistant Petroleum Property Assessor.

Minimum Qualifications:

The minimum qualifications established for a job class must relate to the knowledge, skills, and abilities needed to perform the work and must not create an artificial barrier to employment of individuals in protected classes.

To ensure candidates have the knowledge and skills needed to succeed in the position the required qualifications include a bachelor's degree in economics or a closely related field and extensive experience appraising real property.

Class Outline and Codes:

A job class is placed in the Class Outline's schematic of Occupational Groups and Job Families based on the nature of the occupation, the initial preparation for employment, and the relationship for career progression. Class Codes are based on a job class' placement in a job family. AKPAY Codes are for use in legacy computer systems which cannot use the six-digit Class Codes.

The Assistant Petroleum Property Assessor's responsibility for tax assessment and audit, administration of tax receipts, and preparing materials for tax appeals indicates the job class is appropriately aggregated to the Revenue and Audit job family (PC05). This job family includes classes that advise on, administer, supervise, or perform professional work related to tax and revenue assessment, auditing, and collection.

The Assistant Petroleum Property Assessor is assigned the following codes:

Class Code – PC0581

AKPAY Code – K0073

Fair Labor Standards Act

An employee in the position in this study is covered by the minimum wage and maximum hour provisions of the Fair Labor Standards Act of 1938, as Amended (FLSA).

The primary duty of an employee in this job class is the performance of work that is predominantly intellectual and requires consistent exercise of discretion and judgement. The work requires advanced knowledge in the fields of economics and real property appraisal, which is normally acquired through specialized education. Such employee uses independent judgement and discretion to analyze, interpret, and make deductions from a variety of facts and circumstances such as land use, physical characteristics, market characteristics, and economic data. When compensated on a salary basis at a rate of \$455 per week or more, such employee meets the criteria in 29 CFR Part 541 for exemption from the FLSA's overtime requirements as a professional employee.

**Salary Alignment:**

The salary range of a job class is determined based on internal consistency within the State's pay plans, in accordance with merit principles, with the goal of providing fair and reasonable compensation for services rendered and maintaining the principle of like pay for like work. In evaluating internal consistency, the difficulty, responsibility, knowledge, skills, and other characteristics of a job are compared with job classes of a similar nature, kind, and level in the same occupational group and job family or in related job families.

To evaluate the alignment of this job class, we compared its class-controlling characteristics with the class-defining characteristics of other professional-level job classes in the Revenue and Audit job family. The job analysis focused on the classification factors applied in the State's Whole-Job Classification system:

- the nature and complexity of the work (i.e., the range of duties and different kinds of work, the nature of guidelines used, the difficulty in identifying what needs to be done, and the originality required in performing the work);
- the nature and extent of control of the work exercised by supervisors and guidelines;
- the resourcefulness or ingenuity required to solve problems and the extent to which the work requires deviations from standard practices;
- the purpose of, and authority in, person-to-person contacts outside the supervisory chain;
- the types of cases, problems, or questions in which decisions, conclusions, or recommendations are made, the nature and timing of reviews, the likelihood of error by a prudent employee, and the impact of errors on the program, organization, or the public; and
- the nature of supervision exercised over subordinates and the size, complexity, and variety of functions in the subordinate unit.

In Whole Job Classification, determining a job class' salary range calls for consideration of the full scope of duties that, when found in a position, would cause it to be allocated to the job class. To ensure that an incumbent is properly compensated for the work he spends most of his time performing the preponderant duties of the class are given the greatest weight. The salary alignment is based on comparison with classes at a variety of ranges and the similarities in classification factors, not the designation of level within the various series.

Alignment within Job Family

The professional job classes in the Revenue and Audit job family evaluated for salary alignment include:

- Internal Auditor I-V
- Tax Auditor I-IV
- Revenue Appeals Officer I-II
- Corporate Income Tax Auditor I-IV
- Income and Excise Tax Specialist
- Oil and Gas Revenue Auditor I-IV
- Oil and Gas Revenue Specialist
- Revenue Audit Supervisor I-II
- Revenue Appeals Supervisor
- State Petroleum Property Assessor

The professional and managerial job classes in the Revenue and Audit job family received a salary range adjustment under the Market Based Pay policy on September 16, 2006. Market Based Pay adjusted ranges are not considered in internal alignment analysis; therefore, the information below cites the salary ranges prior to the adjustment.

Range 18: This range aggregates the journey level Tax Auditors' work in lower complexity tax programs with the developmental level Corporate Income Tax Auditor and Oil and Gas Revenue Auditors' work in complex, specialized tax programs. The lower complexity programs include such tax liability areas as excise, gaming, and fisheries tax. Auditors in these programs apply knowledge of auditing, regulatory compliance, and research to independently perform audits and to educate and provide information to taxpayers. The complex, specialized programs include oil and gas revenue and corporate income tax liabilities. Auditors in these programs apply working knowledge of accounting and auditing principles to develop skills through on-the-job training and conducting audits of the smaller, less complicated tax payers in the program. The required qualifications include a specialized degree and professional experience in tax auditing.

Range 19: This range aggregates the journey level Internal Auditor performing the full range of audits of a State agency's operations and internal, management, fiscal, and accounting controls. The work includes reviewing agency policies and procedures; appraising agency performance and effectiveness in meeting goals and objectives; and preparing formal reports expressing opinions on adequacy, effectiveness, and efficiency of activities and recommending corrective actions. These auditors frequently work as team leaders and assist in training and guiding lower level auditors. The required qualifications include a specialized degree and professional experience conducting internal audits of limited scope and complexity.

Range 20: This range aggregates the advanced level Tax Auditor working in lower complexity tax programs and the journey level Corporate Income Tax Auditor and Oil and Gas Revenue Auditor working in more complex, specialized tax programs. The advanced level Tax Auditors are responsible for the most complex audits in their programs, serve as lead auditors, and are responsible for developing compliance projects. The journey level Corporate Income Tax Auditors and Oil and Gas Revenue Auditors are independently responsible for the full range of audit duties in medium size oil and gas production tax and royalty audits and income tax audits

of small to medium oil and gas companies and large, complex non-oil and gas corporations. The required qualifications include a specialized degree and progressively responsible professional experience in auditing or in the specific tax program.

Range 21: This range aggregates the first supervisory level Internal Auditor and the journey level Revenue Appeals Officer. The first supervisory level Internal Auditor plans, directs, and conducts large-scale audits and sensitive audits where concealment, malfeasance, deliberate misuse of funds, or similar situations are evident. These auditors also assist higher level auditors in program development, policy setting, and administrative functions. The journey level Revenue Appeals Officer handles routine appeals cases in all tax programs, conducting informal appeal conferences and preparing formal appeal proceedings for adjudication by the Office of Administrative Hearings. The required qualifications include a specialized degree and journey-level professional experience in internal auditing, tax auditing, or public accounting.

Range 22: This range aggregates the advanced level Corporate Income Tax Auditor and Oil and Gas Revenue Auditor working in the more complex, specialized tax programs. These are lead levels responsible for the largest oil and gas production or royalty audits and the largest oil and gas income audits. The required qualifications include a specialized degree and journey-level professional experience specific to the tax program.

Range 23: This range aggregates the second supervisory level Internal Auditor, the advanced level Revenue Appeals Officer, and the consultant and technical expert level Income and Excise Specialist and Oil and Gas Revenue Specialist. The second supervisory level Internal Auditor oversees an organization whose size and scope requires subordinate supervisors, ensures compliance with auditing guidelines, and develops new audit programs and standards. The advanced level Revenue Appeals Officer is responsible for informal and formal cases involving a high dollar amount, and normally involving oil and gas production and income tax and large non-oil and gas corporate income tax. The Income and Excise Specialist and Oil and Gas Revenue Specialist are responsible for providing conclusive guidance on audit issues, litigation, policy changes, and new legislation or regulations. The required qualifications include a specialized degree and lead or advanced level experience specific to the program.

Range 24: This range aggregates the single position job classes of State Petroleum Property Assessor, who manages the State's petroleum property assessment program, the Chief of Revenue Operations, who manages the State's tax operations in Juneau, and the Revenue Appeals Supervisor who manages the State's revenue appeals unit. These managers plan, prioritize, and direct the work of their subordinate program(s); implement policy decisions; set short- and long-term program goals; and are responsible for the efficient use of resources in meeting goals. The required qualifications include a degree and considerable professional experience specific to the program managed.

Assistant Petroleum Property Assessor is the only professional level assessor under the State Petroleum Property Assessor and performs the full spectrum of appraisal assessments and audits, reporting of initiatives and issues considered in the valuation process, and preparing of materials and testifying as an expert witness in formal appeals to the State Assessment Review Board.

These responsibilities include journey-level independent performance of work requiring discretion and judgement, advanced-level performance of the most complex and sensitive audits, and providing assistance and advice in program administration activities. The Petroleum Property Tax program includes appraisal of real and personal property, a complexity that is absent from the lower complexity tax auditing in the Tax Auditor series. The program is in the oil and gas arena, an area whose complexity, difficulty, political sensitivity, and importance has consistently resulted in classes being aligned at higher ranges than those performing work in other fields. However, the ad valorem taxation of real and personal property does not have an equal level of complexity to the higher complexity tax audits found in the Oil and Gas Revenue Auditor and Corporate Income Tax Auditor series.

The preponderance of work of the Assistant Petroleum Property Assessor job class comprises a mix of full-proficiency and advanced audit duties that have the greatest similarity to the advanced work in lower complexity tax programs and journey level work in highly complex tax programs that is aggregated to range 20, and with program administration and formal hearing duties that have the greatest similarity to the appeals cases and program administration assistance that is aggregated to range 21. Weighing all the classification factors of the class indicates assigning the Assistant Petroleum Property Assessor to range 21 will provide the most equitable alignment within the Revenue and Audit job family.

#### Other Job Families

To ensure the required technical expertise in real property appraisal was given full consideration, we also compared the Assistant Petroleum Property Assessor to classes in the Real Property Appraisal job family. The classes in that job family that are aggregated to salary range 21 include:

- Appraiser III,
- Assistant State Assessor,
- Right-of-Way Agent V, and
- Right-of-Way Review Appraiser I.

These classes are responsible for establishing methods and guidelines in real property appraisal, ensuring appraisals are accurate and defensible, examining appeals, and directing the work of other appraisers. This is sufficiently similar to the complexity, required technical expertise, and program administration responsibilities of the Assistant Petroleum Property Assessor to corroborate its alignment at salary range 21.

#### Market Based Pay Policy

The Assistant Petroleum Property Assessor did not exist when the Revenue and Audit job family was analyzed to determine which job family subgroups were eligible for Market Based Pay considerations; however, to ensure alignment within the family is maintained, the salary range determined under internal alignment will be given the same two-range adjustment granted the professional and managerial classes in 2006.

#### Salary Range Recommendation

Based on the alignment within the Revenue and Audit job family I recommend the Assistant Petroleum Property Assessor be aligned at salary range 21 and granted the same adjustment under Market Based Pay applied to the professional/managerial classes in the job family, for a final salary range of 23.

**Conclusions:**

The Department of Revenue requested the creation of a job class for a position serving as second to the State Petroleum Property Assessor.

We have resurrected and revised a class for positions performing appraisal of real and personal property used in petroleum exploration, production, and pipeline transportation. Petroleum Property Assessor II is re-established, retitled to Assistant Petroleum Property Assessor, and assigned Class Code PC0581 and AKPAY Code K0073. The class is aligned at salary range 21 and granted the 2006 Market Based Pay adjustment for an adjusted range of 23.

The above actions, and creation of PCN 043288, are effective September 14, 2009.

Correspondence on the allocation of PCN 043288 is being distributed through the OPD system.

Attachment:

Final class specification

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