

## **New Chevron refinery appeal has county seeing ocean of red ink**

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Contra Costa could lose up to \$100 million in property tax revenue Chevron Corp. paid over the past three years if the oil giant gets all it asks in a new appeal of its property tax assessment.

The refund to Chevron could also come in at about \$50 million if the appeals board charged with settling the dispute reduces the refinery's assessment by the same percentage as it did in a preliminary ruling on Chevron's appeal of its assessments for the 2004 through 2006 tax years, said county Assessor Gus Kramer.

Either way, the prospect has supervisors worried at a time when they have slashed \$150 million from their \$1.2 billion budget over the past year, cutting deeply into health and welfare programs.

"The impact on local government would be devastating if they lower all these assessments," said Supervisor John Gioia. "We stand behind the assessments and hope they are upheld."

Chevron's appeal for 2007 through 2009 follows the tentative Sept. 3 ruling by the Contra Costa Assessment Review Board that held that Kramer overvalued the refinery by \$1.2 billion from 2004 through 2006, a figure that will require the county to give back about \$12.7 million in property tax payments, plus interest penalties, unless Chevron agrees to forgo some or all of the refund. The appeals board will probably make a final ruling on that case in November, Kramer said.

The county can contest an appeals board ruling in court and only if it can prove that the board did not follow the rule of law. No date has been set to hear the latest appeal.

The entire county would bear the cost of tax refunds based on the board's rulings because of a state law aimed at spreading the pain of returning money that has been spent.

Beginning next year, though, most of the consequences of lower assessments would fall on Richmond and the West Contra Costa School District because of the way the property tax from the refinery is divided between cities and the county, Kramer said.

The county gets about 12 percent of tax dollars from the refinery with the rest going to Richmond, the West Contra Costa Unified School District and other West County entities.

Chevron is willing to negotiate with the county to ease some of the pain for any refunds that are granted, said Dean O'Hair, external affairs manager for the refinery.

"We recognize that the county has important services to provide," he said. "We'll know what the right thing to do is once we get there."

Kramer said two other refinery assessment appeals have been filed during his 15-year tenure as assessor — by Unocal and Shell in the '90s. The appeals board upheld the assessment of the Shell refinery in Martinez and raised the assessment on the Unocal refinery at Rodeo, now owned by ConocoPhillips, Kramer said.

Chevron did not appeal before 2004 because the company thought its assessments were fair compared with other refineries in the county. Since then, that hasn't been the case, O'Hair said.

"All of the refineries were once treated fairly equally," he said. "Since then, we think our property assessment in Contra Costa is much higher on the same basis of evaluation as the others."