

Tax ruling surprises Chevron, Contra Costa County

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Chevron Corp. faces a higher property tax bill for its Richmond oil refinery after an appeals panel on Monday decided that the plant is worth more than either the company or Contra Costa County claimed.

The decision was an unexpected twist in a long-running argument between the county and the oil company over the refinery's taxes, a dispute that has badly strained their relationship.

Chevron has argued repeatedly that the county overestimates the value of the 110-year-old refinery, which has become the county's largest source of property taxes. On several occasions, Chevron has appealed the county's assessment. At one point, the company even won an \$18 million refund, covering the years 2004 through 2006. Chevron appealed the decision, claiming the refund was too low.

On Monday, the county's Assessment Appeals Board decided that both Chevron and the county assessor underestimated the refinery's worth for the years 2007 through 2009. According to the board, the refinery in 2009 was worth \$3.79 billion. The county had argued for \$3.11 billion, while Chevron claimed the facility was worth \$1.15 billion that year.

"The evidence presented at the hearing has led the Board to conclude that both the Assessor and Chevron USA have failed to substantiate a fair market value for Chevron's Richmond refinery," the three-member panel wrote in its decision. "It is accordingly incumbent on this Board to make its own determinations of the fair market value of Chevron's Richmond refinery, based on the evidence admitted at the hearing."

The board did not include an estimate of how much Chevron's taxes would rise as a result, and the company didn't provide an estimate of its own.

Contra Costa officials greeted the decision with surprise and satisfaction. Had the panel sided with Chevron and ordered another refund, the money would have come from city budgets already stretched thin.

"Public safety, libraries, fire, health and social services - all those would have been impacted," said county Supervisor John Gioia. "Clearly, it's a relief for local governments in Contra Costa."

Chevron spokesman Sean Comey said the company still wants to reach an agreement with county officials on a methodology for assessing the property's worth in coming years. Chevron, based in nearby San Ramon, has already appealed its property taxes for 2010 and 2011.

"We're disappointed in the decision, and we're assessing our options," Comey said. "We're committed to paying our fair share in taxes, but we need a fair and transparent process going forward."

The tax dispute has strained relations between Chevron and Contra Costa officials and residents, with many accusing the country's second-largest oil company of trying to skimp on its tax bill. Chevron made \$26.9 billion in profits last year, a record for the company.

Chevron, for its part, accused County Assessor Gus Kramer of making up property values for the refinery without proper justification. According to the appeals board's written decision, one of the assessor's employees testified that Kramer dictated the values to him.

"The assessor personally offered no evidence to support the roll values he dictated," the board wrote.

After deciding that neither side had proved its case, the board devised its own property estimates, working with methodology from a consulting firm. The decision weighs such factors as the refinery's ability to process a wide range of crude oils and the potential impact of California's climate change laws on the oil industry.

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