

STATE BOARD OF EQUALIZATION



Appeal Name: Robert Cooney
Case ID: _____ ITEM # 51
Date: Sept. 10, 2013 Exhibit No: 9.5
TP FTB DEPT PUBLIC COMMENT

Good () ladies and gentleman of the Board.

My name is Robert Cooney. I am an Appraiser Specialist with the Los Angeles County Assessor's Office.

I have been involved with refinery valuations for the last eight years. In that time, I have become something of a specialist in the application of the Sales Comparison Approach to refinery valuations. I have spoken or am scheduled to speak to groups such as the SAA, IAAO, and the most recent WSPA Conference on refinery and oil valuation. I have interacted with staff from the other two counties with large refinery properties, as well as every owner of a large refinery in California and their representatives.

We at the County of Los Angeles are strongly in favor of the repeal and re-initiation of the Rule 474 rulemaking process.

The purpose of Rule 474 is, from our point of view, to codify a practice already employed at the County of Los Angeles. In my time at the County, we have always viewed these properties as the market does, with land, improvement, and fixture operating as a unit. This is not a novel practice, though it is a contraversion of the typical rebuttable presumption that land and improvement are bought and sold and therefore valuable separately from fixtures. Passage of this rule allows us to continue to operate in harmony with market realities for refinery properties without having to overcome the rebuttable presumption each time these matters appear before an Assessment Appeals Board.

It has been stated that there are exceptions to the norm that refinery assets operate and are sold as a unit. The assumption is that, in the case of such an exception, the use of this rule will create an unfair burden on the Taxpayer. The reality is that when we have evidence that a refinery has ceased to operate, and the land and improvements would not sell in the market with the fixtures, we have applied the normal valuation supposition that the fixtures are a separate appraisal unit and valued them as such. Rule 474 would not force us to value them as one unit when they would not sell that way.

It is true that the implementation of any new rule should proceed with prudence, but this rule was not created capriciously. The substance of this rule has been in discussion and debate for the last several years. The matter has been heard in the judicial system all the way to the Supreme Court of the State of California. They indicated that the rule as already prepared was substantially valid and consistent with applicable constitutional and statutory provisions. The only impediment to the validity of this rule as it was then proposed was the necessity to adequately estimate all cost impacts on affected parties to meet the requirements for an Economic Impact Statement. It is a disservice to that opinion, to the effort so far expended, and to the people of the State of California not to take this rule over this final hurdle. We would beg the board to simply follow the advice so kindly proffered by the State Supreme Court and reintroduce the rule with a sufficient Economic Impact Statement to allow its passage.

In closing, I would also like to offer, on behalf of the County of Los Angeles, our expertise toward crafting a proper Economic Impact Statement to meet the requirements for the passage of Rule 474. We believe Los Angeles' share of over half the refining capacity in the state gives us a well-informed opinion on the impact of this rule. It would be our pleasure to assist the Board with this effort in any way possible.

Thank you.