

Richmond mulls how to spend Measure T windfall

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After Richmond voters approved a citizens initiative last month that requires the Chevron refinery to pay a business license fee estimated at \$26.5 million a year, officials of the financially strapped city are figuring out how to implement the new tax and what to spend the windfall on.

City officials are also counting on the Measure T fee not being blocked in court. Chevron - the nation's third-largest publicly traded company - is not happy with the result. Nor are the Richmond Chamber of Commerce, the California Taxpayers Association and the Contra Costa County Taxpayers Association.

"It's really a momentous occasion," said Richmond's Green Party mayor, Gayle McLaughlin, a key backer of the measure. "This will help the city so much after so many decades of poverty and social and environmental injustice."

McLaughlin said she wants to convene "a public process to determine the best use of the funds." She said the form of the process has yet to be determined.

"The millions in funds that Measure T will bring in will help expand green job training and reduce unemployment and the social ills that accompany it," McLaughlin said. The city's current budget, adopted before passage of Measure T, anticipates annual general fund revenue of \$134 million.

The measure applies to all manufacturers, not just Chevron, though the Measure T campaign singled out the refinery in its "Fair Share for Richmond" slogan. Chevron will feel the biggest bite by far.

Set to begin Jan. 1, the new fee was approved Nov. 4 by 51.5 percent of the voters. It says all manufacturers in the city must pay whichever amount is higher in a two-tier system - either a fee based on the number of employees or a fee equal to 0.25 percent of "the values of materials used in the manufacturing process."

Based on the value of crude used by Chevron, the city estimated that the refinery would owe \$26.5 million, about 400 times what Chevron would owe under the current business-license fee formula.

"We're reviewing all options," said refinery spokesman Brent Tippen when asked if Chevron plans to sue or challenge the fee in any other way. He called the measure "bad public policy for the city and for the state as a whole."

City Finance Director James Goins said city officials don't know which other manufacturers, if any, would see a higher license fee under Measure T.

The city expects to send letters this week to the affected firms explaining how the fee will work. Goins said last week that his department and the city attorney's office were still deciding which firms will be classified as manufacturers and what guidance to issue on assessing the value of materials used in manufacturing.

Before the election, the California Taxpayers Association told the City Council in a letter that Measure T would violate a state ban on taxing business inventories and the commerce clause of the U.S. Constitution.

Association spokesman David Kline said the fee "certainly could be subject to litigation" but that the group has not decided whether to go to court.

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