

Bond Case Briefs

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Western Refining Yorktown, Inc. v. County of York

Supreme Court of Virginia - December 15, 2016 - S.E.2d - 2016 WL 7242276

Taxpayer challenged county's valuation of refinery's machinery and tools for purposes of levying machinery and tools tax.

The Circuit Court upheld valuation. Taxpayer appealed.

The Supreme Court of Virginia held that:

- Evidence supported finding that tax assessor did not overvalue refinery's machinery and tools by valuing them at a static 25% of original cost;
- County commissioner of the revenue adequately considered appraisal submitted by taxpayer's expert;
- Evidence supported finding that commissioner adequately considered market conditions; and
- County did not impermissibly assume inconsistent positions by arriving at higher value of machinery and tools than value it had determined for refinery in separate real estate litigation.

Evidence supported finding that tax assessor did not overvalue refinery's machinery and tools by valuing them at a static 25% of original cost, regardless of age or value, in levying machinery and tools tax. Legislature had authorized assessment of machinery and tools based on percentage of original cost, county commissioner of the revenue testified that methodology tended to approximate fair market value over time, refinery was regularly upgraded and maintained, and taxpayer's need for cash could have had dampening effect on price of sale of refinery that occurred shortly after relevant period.

In assessing refinery's machinery and tools when levying machinery and tools tax, county commissioner of the revenue adequately considered appraisal submitted by taxpayer's expert. Record established that commissioner reviewed appraisal and conducted additional research to determine whether it was well-founded, commissioner issued detailed written explanation for why she rejected expert's appraisal, and commissioner concluded that cost approach would yield unknown result due to lack of information about cost to restart refinery.

Evidence supported finding that county commissioner of the revenue, in levying machinery and tools tax, adequately considered market conditions in valuing refinery's machinery and tools. Taxpayer had told its shareholders through securities filings and state through tax returns that refinery was worth a great deal more than commissioner's assessment, and taxpayer made a business decision to sell refinery at low value due at least in part to its need for cash and to gain tax advantage.

In levying machinery and tools tax on refinery, county did not impermissibly assume inconsistent positions by arriving at higher value of machinery and tools than value it had determined for refinery in separate real estate litigation. Expert had no occasion to value machinery and tools in real estate litigation and had expressly stated that he was valuing real property only, there was evidence that equipment could have been returned to use when market conditions improved and that equipment

did not have “salvage” value only, and taxpayer had sold refinery when it found itself short of cash and decided to sell refinery when entire refining industry was in slump.