

County of Santa Clara

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Administration

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MEDIA AVAILABILITY

Oakgrove School District will not have to increase property taxes

Court rejects IBM lawsuit against County Assessor Larry Stone.

After 18 months of contentious litigation by IBM, Superior Court Judge Joseph Biafore, Jr. rejected IBM's lawsuit seeking special assessment appeal rights. IBM's attorneys had sought the right to reopen property assessments dating back almost 10 years on their main San Jose campus. The normal statute of limitation to resolve an appeal is two years.

"I am relieved that the beleaguered taxpayers of Santa Clara County and Oakgrove School District will not have to suffer a property tax increase or a decrease in services due to revenue losses," said County Assessor Larry Stone. The total assessed value in dispute for the IBM properties exceeded \$1 billion and could have resulted in increased property taxes for property owners in the Oakgrove School District in addition to a \$11 million refund from local governmental agencies including other school districts, cities, the county and many special districts.

"Obviously, I'm very pleased with this decision. Judge Biafore was both unambiguous and decisive in his ruling. Other corporations should read this decision carefully before they try to circumvent the normal appeal process and file a lawsuit to seek special provisions that are not available to the average homeowner or small business," said Stone.

"On behalf of the taxpayers and children of the Oak Grove School District, I want to thank Assessor Larry Stone, his staff and the Santa Clara County Counsel for the excellent work they did in presenting this case. Mr. Stone and the County team represented our concerns well and saved the taxpayers in our community from a costly property tax increase. We think it is the right decision and appreciate Mr. Stone's conviction and clear presentation of the merits of the County's case," said Manny Barbara, Superintendent of the Oakgrove School District. In November, Oakgrove School District notified 24,000 taxpayers of the lawsuit and the potential tax increase if IBM prevailed.

"There are two winners in this decision: the taxpayers of Santa Clara County--especially Oakgrove School District--and unfortunately, the high priced lawyers from San Francisco that represented IBM," said Stone. Up until this lawsuit, IBM had filed and resolved many appeals through the normal, very simple assessment appeals process, just like other taxpayers who believe they have been over assessed. "IBM has a track record, like so many other Silicon Valley companies, of being good corporate citizens. However, they saw a potential refund of \$11 million and their attorneys convinced them to change course. I hope this lawsuit remains an anomaly."

The cost to Santa Clara County to defend this litigation is estimated to exceed \$150,000. "It's outrageous. As an elected County Assessor I have an obligation to stand up for all taxpayers. I can only imagine the size of IBM's legal expenses," said Stone.

County Assessor Larry Stone will be available to answer questions on Wednesday, February 7, 2001 at 11:00 AM in his office. Attached is a copy of Judge Biafore's five page, tentative decision.