



# CITY OF CARSON

November 6, 2023

**VIA EMAIL AND U.S. MAIL**

Christopher Walawala  
Vasquez and Company LLP  
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Re: Moving Currently Unassigned City of Carson Oil Industry Business License Tax Collections Paid Under Protest into an Assigned Account

Dear Mr. Walawala,

The City of Carson ("City") has now collected about \$86,391,970, consisting of approximately \$69,598,715 from Tesoro Refining and Marketing Company LLC and approximately \$16,793,255 from Phillips 66, under the City's Oil Industry Business License Tax. However, these amounts collected have been paid by both companies **under protest**, meaning that both companies paid such taxes with the intent of later bringing a legal challenge with regards to the tax paid.

As expected, both Tesoro Refining and Marketing Company LLC and Phillips 66 have sued the City with regards to the tax paid. Such litigation has not been resolved and is currently ongoing. While the City fully believes that it is entitled to keep the \$86,391,970 in tax paid under protest, if the companies succeed in their respective lawsuits, the City will be required to refund some or all of these monies.

The \$86,391,970 currently sits in an unassigned account. However, considering that the City may be required to refund these monies if it loses in the pending litigation, prudent financial planning calls for moving this money into an assigned account, so that it is not used for any other purpose while the litigation remains pending. **Therefore, we request that the \$86,391,970 in taxes paid under protest by these two companies be moved from its current unassigned account to an assigned account and reported accordingly, and we approve of same.**

Thank you, and please let us know if you have any questions or would like to discuss.

Sincerely,

  
David C. Roberts, Jr., City Manager