

May 28, 2020

Page 2

Summary of Legal Analysis

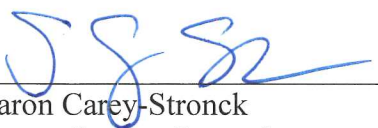
To briefly summarize our prior Board Letter, the applicable tax rates set by California State law require the phone companies to pay for debt service (such as school bonds) in all of the tax rate areas served. This requires the companies to pay a much larger portion of debt service than the average tax payer. The phone companies are arguing that the current system of tax rates is unconstitutional.

Current state law and historical case law does not support the phone companies' constitutional arguments. Therefore if the County were to grant a *retroactive* refund of prior payments, such action could have a significant and negative impact on County resources. Based on the fact that the prior tax payments have already been distributed to the various special districts and taxing entities, it would be extremely difficult for the County to recover these costs. In addition, the County would be at substantial risk of being sued by any number of districts and taxing entities for failing to follow current State law and failing to apply proscribed tax rates.

As set forth in the summary above, the County properly calculated the unitary tax rate as required pursuant to State law and the taxes at issue are valid. IT IS THEREFORE RECOMMENDED that your Board deny this claim filed on December 9, 2019, by SPRINT.

Very truly yours,

DAVID A. LIVINGSTON
County Counsel

By 
Sharon Carey-Stronck
Deputy County Counsel

Encl: Sprint Telephony P.C.S, LP, Tax Refund Claim Submitted December 9, 2019