



County of El Dorado

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Legislation Details (With Text)

File #: 23-0735 **Version:** 1
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File created: 3/31/2023 **In control:** Board of Supervisors
On agenda: 4/18/2023 **Final action:** 4/18/2023
Title: County Counsel recommending the Board deny the claims received from T-Mobile West, LLC in the total amount of \$92,049.28, plus interest, for unitary property taxes paid for Tax Years 2018/19, 2019/20, 2020/21, 2021/22, and 2022/23.

FUNDING: General Fund.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - FY 2018-19 T-Mobile West, LLC tax refund claim, 2. B - FY 2019-20 T-Mobile West, LLC tax refund claim, 3. C - FY 2020-21 T-Mobile West, LLC tax refund claim, 4. D - FY 2021-22 T-Mobile West, LLC tax refund claim, 5. E - FY 2022-23 T-Mobile West, LLC tax refund claim

| Date | Ver. | Action By | Action | Result |
|-----------|------|----------------------|----------|--------|
| 4/18/2023 | 1 | Board of Supervisors | Approved | Pass |

County Counsel recommending the Board deny the claims received from T-Mobile West, LLC in the total amount of \$92,049.28, plus interest, for unitary property taxes paid for Tax Years 2018/19, 2019/20, 2020/21, 2021/22, and 2022/23.

FUNDING: General Fund.

DISCUSSION / BACKGROUND

The Clerk of the Board of Supervisors received five tax refund claims from T-Mobile West, LLC, requesting the return of the following amounts paid, plus appropriate interest, for taxes levied for the following fiscal years:

| | |
|------------|--------------------|
| FY 2018/19 | \$14,866.40 |
| FY 2019/20 | \$15,736.94 |
| FY 2020/21 | \$20,560.94 |
| FY 2021/22 | \$23,135.12 |
| FY 2022/23 | <u>\$17,749.88</u> |
| TOTAL: | \$92,049.28 |

T-Mobile West, LLC is one of several telecommunications companies pursuing refund claims against a number of counties, alleging that the statutory formula used to calculate its property tax rate is unconstitutional. Under Article XIII, sec. 19 of the California Constitution, the State Board of Equalization ("State BOE") is charged with annually valuing and assessing the taxable property of a telecommunications company operating across the state as one unit. Property so valued and assessed is known as "unitary property." Once the unitary property is assessed, the State BOE transmits to each county the assessed value of the portion of property located within the individual county. The amount of unitary property assessments attributed to the county by the State BOE are

then taxed in accordance with the statutory formula. County auditors have no discretion on their calculation of the unitary tax rate; they are required to impose a tax on unitary property using the rate calculation formula prescribed in Rev. & Tax. Code § 100.

T-Mobile West, LLC previously submitted refund claims for fiscal years 2015/16 and 2016/17 based on the same allegation, which the County has denied. Other counties that have received similar refund claims from telecommunication companies have also uniformly denied these claims. Litigation is currently in progress in Riverside County and Santa Clara to determine whether the statutory tax rate imposed on telecommunication companies complies with the California Constitution.

The property tax amounts at issue in the refund claims were properly calculated by the Auditor-Controller's Office using the calculation formula mandated in state law. Consequently, it is recommended that the Board of Supervisors deny the claims.

ALTERNATIVES

The County is required to tax all state assessed unitary property as set out in Rev. & Tax. Code § 100. If the requirements are not followed, the County will not be in compliance.

PRIOR BOARD ACTION

On 6/9/2020, the Board denied a similar refund claim from T-Mobile West, LLC for fiscal year 2015/16; Legistar 20-0686.

On 5/4/2021, the Board denied a similar refund claim from T-Mobile West, LLC for fiscal year 2016/17; Legistar 21-0677.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Auditor's Office

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

There will be no fiscal impact if the claim is denied as recommended.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

N/A

CONTACT

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