County of El Dorado

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Legislation Details (With Text)

File #:	23-0810	**Version:** 1	
Type:	Agenda Item	**Status:**	Approved
File created:	4/11/2023	**In control:**	Board of Supervisors
On agenda:	5/2/2023	**Final action:**	5/2/2023

Title: County Counsel recommending the Board deny the claims received from Sprint Spectrum, L.P. in the total amount of $52,612.19, 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 Sprint Spectrum, L.P. tax refund claim, 2. B - FY 2019-20 Sprint Spectrum, L.P. tax refund claim, 3. C - FY 2020-21 Sprint Spectrum, L.P. tax refund claim, 4. D - FY 2021-22 Sprint Spectrum, L.P. tax refund claim, 5. E - FY 2022-23 Sprint Spectrum, L.P. tax refund claim

Date	Ver.	Action By	Action	Result
5/2/2023	1	Board of Supervisors	Approved	Pass

County Counsel recommending the Board deny the claims received from Sprint Spectrum, L.P. in the total amount of $52,612.19, 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 Sprint Spectrum, L.P. requesting the return of the following amounts paid, plus appropriate interest, for taxes levied for the following fiscal years:

FY 2018/19	$10,574.53
FY 2019/20	$15,195.19
FY 2020/21	$19,623.35
FY 2021/22	$ 5,105.91
FY 2022/23	$ 2,113.21
TOTAL:	$52,612.19

Sprint 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.

Sprint 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 County 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 06/9/2020, the Board denied a similar refund claim from Sprint for fiscal year 2015-16; Legistar 20-0704.

On 5/4/2021, the Board denied a similar refund claim from Sprint for fiscal year 2016-17; Legistar 21-0678.

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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