CALIFORNIA COURT OF APPEAL, THIRD APPELLATE DISTRICT

Pacific Bell Telephone Company et al. v. County of Placer et al.

Pacific Bell Telephone Co. v. County of Placer · No. C101678 · Decided May 29, 2025

SUMMARY

The California Court of Appeal affirmed a judgment sustaining the County of Placer's demurrer to utility companies' complaint seeking property-tax refunds and declaratory relief. The court held that, although the utilities articulated an argument that California Constitution article XIII, section 19 requires comparable tax rates for state-assessed and locally assessed property, they failed to define a legally workable standard for comparability or establish that the County's rates were unconstitutional. The court also concluded that article XIII, section 1 and ITT World Communications, Inc. v. City and County of San Francisco did not supply the missing standard.

CASE DETAILS

COURT	California Court of Appeal, Third Appellate District
WRITING FOR THE COURT	Robie, Acting Presiding Justice; Renner, Justice; Mesiwala, Justice
JURISDICTION	California Court of Appeal, Third Appellate District
DECIDED	May 29, 2025
DOCKET	C101678
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiffs appealed from a judgment entered after the Placer County Superior Court sustained the County's demurrer without leave to amend in an action seeking property-tax refunds and declaratory relief.
STANDARD OF REVIEW	Review of the legal sufficiency of a complaint following an order sustaining a demurrer is de novo. A demurrer admits material facts properly pleaded but not legal conclusions, and when leave to amend is denied the appellate court considers whether there is a reasonable possibility the defect can be cured. The appellant bears the burden of showing error and of establishing a reasonable possibility of amendment.
PRECEDENTIAL VALUE	published

PARTIES	Pacific Bell Telephone Company, AT&T Mobility LLC, AT&T Corp., Sprint Spectrum, L.P., T-Mobile West LLC, CenturyLink Communications LLC v. County of Placer, Board of Equalization

TOPICS

property tax · tax refunds · motions to dismiss · appellate procedure · constitutional law

PRACTICE AREAS

property taxation · constitutional law · civil procedure · appellate procedure

QUESTIONS PRESENTED

1. Whether the complaint stated a valid constitutional claim that the tax rates imposed on state-assessed utility property under Revenue and Taxation Code section 100 were not comparable to the rates imposed on locally assessed property.
2. Whether California Constitution article XIII, section 19 requires identical, equal, uniform, or otherwise comparable tax rates for state-assessed utility property and locally assessed property.
3. Whether the plaintiffs demonstrated a reasonable possibility that the defect in their complaint could be cured by amendment.

HOLDINGS

1. The complaint failed to state a valid claim because the plaintiffs did not provide a cogent legal standard or analytical method for determining whether the tax rates imposed under Revenue and Taxation Code section 100 were constitutionally comparable to rates imposed on locally assessed property.
2. The plaintiffs did not establish that article XIII, section 19 constitutionally requires identical or equal tax rates, and their complaint could not be sustained on that theory.
3. Article XIII, section 1 does not itself define a limit on the challenged tax rates, and the plaintiffs did not show that the differing formulas in sections 93 and 100 violated any applicable uniformity principle.
4. ITT World Communications did not establish that the County's tax rates were invalid because it recognized a comparability requirement without defining the bounds or method for measuring comparability.
5. The plaintiffs did not demonstrate a reasonable possibility that the defect could be cured by amendment.

KEY QUOTATIONS

> *“Even if we were to agree with this conclusion, it would not resolve the issue of what comparability means and how to discern the appropriate “approximation” for comparable rates.”* (14)

> *“Appellants have therefore not carried their burden of establishing error in sustaining defendants’ demurrer, nor have they presented any ability to amend their complaint to state a viable cause of action.”* (15)

FACTUAL BACKGROUND

The plaintiffs are utility companies whose property is assessed at the state level under California Constitution article XIII, section 19, and taxed under Revenue and Taxation Code section 100. They alleged that the resulting rates in Placer County were higher than rates applied to locally assessed property under section 93, and sought partial refunds based on the difference between the utility rate and the County's average property-tax rate. The complaint alleged that the differential violated constitutional requirements that utility property be taxed to the same extent and in the same manner as other property. The plaintiffs did not identify a legal standard, formula, or benchmark defining when the rates were sufficiently comparable.

PROCEDURAL HISTORY

The utility companies submitted administrative claims seeking partial refunds of property taxes and were denied, exhausting their administrative remedies. They then filed a complaint in December 2023 alleging that the tax rate imposed on their state-assessed property was unconstitutionally higher than the rate applied to locally assessed property. The superior court sustained the County's demurrer without leave to amend and entered judgment. The Court of Appeal affirmed.

DISPOSITION

affirmed

CASES CITED

- Tilbury Constructors, Inc. v. State Comp. Ins. Fund (2006) 137 Cal.App.4th 466, 471
- Carmichael v. Café Sevilla of Riverside, Inc. (2025) 108 Cal.App.5th 292, 297
- ITT World Communications, Inc. v. City and County of San Francisco (1985) 37 Cal.3d 859
- Pacific Bell Telephone Co. v. County of Merced (2025) 109 Cal.App.5th 844, 850-851, 854, 862
- County of Santa Clara v. Superior Court (2023) 87 Cal.App.5th 347, 362-363, 369
- BNSF Railway Co. v. County of Alameda (9th Cir. 2021) 7 F.4th 874, 880-882
- Pizarro v. Reynoso (2017) 10 Cal.App.5th 172, 179
- People v. Keith Railway Equipment Co. (1945) 70 Cal.App.2d 339, 351
- United Grand Corp. v. Malibu Hillbillies, LLC (2019) 36 Cal.App.5th 142, 153
- City and County of San Francisco v. All Persons Interested in the Matter of Proposition G (2021) 66 Cal.App.5th 1058, 1076
- Valley Baptist Church v. City of San Rafael (2021) 61 Cal.App.5th 401, 411
- Pacific Gas & Electric Co. v. City of Oakland (2002) 103 Cal.App.4th 364, 367