CALIFORNIA COURT OF APPEAL, SECOND APPELLATE DISTRICT, DIVISION SIX

Disney Platform Distribution, Inc. et al. v. City of Santa Barbara

2d Civil No. B342211 · No. B342211 · Decided December 17, 2025

SUMMARY

The California Court of Appeal affirmed the denial of petitions by Disney Platform Distribution, BAMTech, and Hulu challenging Santa Barbara's assessment of video users' taxes on video streaming services. The court held that the city's ordinance applies to internet video streaming despite the appellants' argument that streaming services do not provide or sell a technical transmission channel. The opinion also addresses challenges under the Internet Tax Freedom Act, the First Amendment, the California Constitution, and Public Utilities Code section 799.

CASE DETAILS

COURT	California Court of Appeal, Second Appellate District, Division Six
WRITING FOR THE COURT	Yegan, Acting Presiding Justice; Baltodano, Justice; Cody, Justice
JURISDICTION	California Court of Appeal, Second Appellate District, Division Six
DECIDED	December 17, 2025
DOCKET	B342211
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiffs appealed from a judgment denying their petition for a writ of administrative mandate seeking review of a hearing officer's decision upholding video users' tax deficiency determinations.
STANDARD OF REVIEW	The court exercises independent judgment on legal issues, including interpretation of municipal ordinances, and reviews interpretation of local ordinances and municipal codes de novo.
PRECEDENTIAL VALUE	published
PARTIES	Disney Platform Distribution, Inc., BAMTech, LLC, Hulu, LLC v. City of Santa Barbara

TOPICS

sales and use tax · state and local tax · statutory interpretation · administrative law · appellate procedure

PRACTICE AREAS

state and local taxation · municipal law · administrative law · constitutional law · appellate procedure

QUESTIONS PRESENTED

1. Whether Ordinance 5471's video users' tax applies to Internet video streaming services.
2. Whether applying the ordinance to video streaming violates the anti-discrimination provisions of the federal Internet Tax Freedom Act.
3. Whether the ordinance's taxation of Internet streaming violates the First Amendment.
4. Whether the City's enforcement of the existing tax against streaming providers constituted a tax increase requiring voter approval under article XIII C of the California Constitution.
5. Whether the City violated Public Utilities Code section 799 by failing to provide advance notice before enforcing the existing tax against streaming providers.

HOLDINGS

1. The ordinance applies to Internet video streaming because its ordinary-language provisions encompass video programming and related services using one or more channels regardless of the technology used, and the term "channel" was not used in the technical transmission-path sense urged by appellants.
2. Applying the video users' tax to Internet streaming does not violate the Internet Tax Freedom Act because streaming services and the sale or rental of DVDs are not similar services, goods, property, or information for purposes of the Act, and DVD transactions are separately subject to sales or use tax.
3. The ordinance's taxation of Internet video streaming is not a content-based regulation of speech and does not violate the First Amendment.
4. The City's enforcement of Ordinance 5471 against streaming providers did not increase the tax or revise its methodology, enlarge the tax base, or require a new vote under article XIII C of the California Constitution.
5. The City was not required to provide notice under Public Utilities Code section 799 before enforcing the existing video users' tax against appellants because it neither enacted a change to the tax nor adopted a new tax.

KEY QUOTATIONS

> *"Voters who were aware of the "channel" language must have had the ordinary, "colloquial" meaning of "channel" in mind when they approved Measure G in 2008."* (at 12)

> *"Irrespective of the content of the video streaming, the delivery of this service and the sale or rental of a digital storage device are not "similar" within the meaning of the ITFA."* (at 16)

> *"The Ordinance taxes video services regardless of their "'message, [their] ideas, [their] subject matter, or [their] content.'""* (at 19)

> *"City merely enforced against appellants the existing video users' tax as set forth in the Ordinance."* (at 24)

FACTUAL BACKGROUND

Santa Barbara adopted Ordinance 5471, a voter-approved telecommunications and video users' tax ordinance, in 2008. Disney Platform Distribution, BAMTech, and Hulu provide Internet video streaming services, and the City determined in 2022 that they owed video users' taxes, penalties, and interest for 2018 through 2020. The City hearing officer upheld the assessments, and the superior court denied appellants' petition for administrative mandate.

PROCEDURAL HISTORY

Santa Barbara's Tax Administrator determined that appellants had failed to collect and pay video users' taxes on video streaming services for the period January 1, 2018 through December 31, 2020. An independent hearing officer upheld the determinations. Appellants petitioned for a writ of administrative mandate in the superior court, which denied the petition. The Court of Appeal treated appellants' premature notice of appeal from the order denying the petition as an appeal from the subsequently entered judgment and affirmed.

DISPOSITION

affirmed

CASES CITED

- Boonyarit v. Payless Shoesource, Inc., 145 Cal.App.4th 1188, 1190 n.1 (2006)
- California Building Industry Association v. State Water Resources Control Board, 4 Cal.5th 1032, 1048 n.12 (2018)
- People v. Hannon, 5 Cal.App.5th 94, 105 (2016)
- People v. Henderson, 14 Cal.5th 34, 50 (2022)
- Rossi v. Brown, 9 Cal.4th 688, 700 n.7 (1995)
- Taxpayers To Limit Campaign Spending v. Fair Political Practices Commission, 51 Cal.3d 744, 764 n.10 (1990)
- Robert L. v. Superior Court, 30 Cal.4th 894, 901 (2003)
- People v. Morales, 63 Cal.4th 399, 406 (2016)
- People v. Superior Court (Cervantes), 225 Cal.App.4th 1007, 1014 (2014)
- People v. Park, 56 Cal.4th 782, 796 (2013)
- Poncio v. Department of Resources Recycling & Recovery, 34 Cal.App.5th 663, 668-669 (2019)
- Harrington v. City of Davis, 16 Cal.App.5th 420, 434 (2017)
- Meyers v. Board of Administration etc., 224 Cal.App.4th 250, 256 (2014)
- Massachusetts Department of Telecommunications and Cable v. Federal Communications Commission, 983 F.3d 28, 30, 32-38 (1st Cir. 2020)
- Steinhart v. County of Los Angeles, 47 Cal.4th 1298, 1318 (2010)
- Creighton v. City of Santa Monica, 160 Cal.App.3d 1011, 1018 (1984)
- Siskiyou County Farm Bureau v. Department of Fish & Wildlife, 237 Cal.App.4th 411, 443 (2015)

- Labell v. City of Chicago, 147 N.E.3d 732, 748 (Ill. App. 2019)
- Reed v. Town of Gilbert, Arizona, 576 U.S. 155, 163-164 (2015)
- Leathers v. Medlock, 499 U.S. 439, 444, 448 (1991)
- AB Cellular LA, LLC v. City of Los Angeles, 150 Cal.App.4th 747, 755, 761-764 (2007)
- Thornton v. California Unemployment Insurance Appeals Board, 204 Cal.App.4th 1403, 1422 n.8 (2012)
- River Garden Retirement Home v. Franchise Tax Board, 186 Cal.App.4th 922, 949-950 (2010)

INSTRUCTIONS FOR AN AI ASSISTANT