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County of Santa Clara v. Superior Court of Santa Clara County

Court of Appeal, Sixth District, California - January 6, 2023 - Cal.Rptr.3d - 2023 WL 118623

Privately owned public utility companies brought property tax refund action against county, alleging that imposition of a higher debt-service tax rate on their property violated the California Constitution.

The Superior Court overruled county's demurrers. County petitioned for writ of mandate.

The Court of Appeal held that:

- Court would decline to take judicial notice of requested materials;
- Striking was not warranted for portion of county's reply brief;
- Constitutional provision mandating that property be subject to taxation to the same extent and in the same manner as other property was not clear and unambiguous;
- County's imposition of a higher debt-service tax rate on companies' property did not violate state Constitution;
- Conclusion that state Constitution did not preclude imposition of different tax rates on utility property versus other property necessitated sustaining of county's demurrers; and
- Sustaining of county's demurrers without leave to amend was warranted.

Constitutional provision mandating that property be subject to taxation to the same extent and in the same manner as other property was not clear and unambiguous on its face without considering the broader context and legislative history, in property tax refund action challenging provision's constitutionality, even though proffered construction that phrase "to the same extent" meant "at the same tax rate" was a reasonable interpretation of the plain language; provision did not actually say "at the same rate," and if voters had intended for provision to mandate application of the same tax rate, court presumed that voters would have said so.

Court's conclusion that state Constitution did not preclude the imposition of different tax rates on public utility property versus other property necessitated sustaining of county's demurrers, in action by privately-held public utility companies alleging a single cause of action for property tax refunds, which was entirely predicated on allegation that county's imposition of higher tax rates on companies' utility property than on other property violated the state Constitution.

Resolution of legal issue that county's imposition of higher taxes on property owned by privately-held public utility companies did not violate state Constitution foreclosed possibility that companies could supply necessary factual allegations to support such claim, thus warranting the sustaining of county's demurrers without leave to amend companies' property tax refund claims.

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