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Fresno County Fire Protection District v. City of Fresno

Court of Appeal, Fifth District, California - December 5, 2013 - Not Reported in Cal.Rptr.3d - 2013 WL 6330779

In 2003, when the City of Fresno was seeking to annex certain parcels of land served by the Fresno County Fire Protection District, the two public entities entered into an agreement entitled “Transition Agreement Regarding Transfer of Certain General Ad Valorem Real Property Tax Revenue Generated by Annexations” (the “Agreement”). The Agreement provided that, for a specified period of time after each annexation, the City would pay the District a portion of the ad valorem tax revenues generated from the annexed territory based on a formula in the agreement.

After the City annexed a number of parcels and made payments to the District pursuant to the agreement, a dispute arose between the parties over how to calculate the amount that the City was required to pay. In particular, the parties disagreed about the date to be used for measuring base year revenue under the agreement. The City had applied the date articulated in the contractual provision defining the term “base year revenue,” but the District believed a later date should be used, which would result in increased sums due the District.

The District filed a complaint alleging breach of contract and related causes of action, claiming it had been underpaid. The City then moved for judgment on the pleadings on the ground that under the unequivocal terms of the agreement, the City’s interpretation was correct as a matter of law—thus, the District failed to state a cause of action.

The trial court agreed with the City, finding that the District’s arguments were based upon unsupported supposition that the Agreement required the City to calculate base year revenue based on supplemental tax roll information as of the recording date for the annexation. The court found that the Agreement provided a very clear and specific formula for calculating base year revenue, which reflected that base year revenue was to be calculated based on tax roll information as of the initial determination date for each annexation.

The trial court granted City’s motion for judgment on the pleadings without leave to amend, and entered judgment in favor of the City. The District appealed and the Court of Appeal affirmed the trial court’s decision.