

Bond Case Briefs

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One Technologies, LLC v. Franchise Tax Board

Court of Appeal, Second District, Division 1, California - October 23, 2023 - Cal.Rptr.3d - 2023 WL 6969230

Taxpayer, which was a Delaware limited-liability company (LLC) that did business nationwide, filed a complaint for refund against the Franchise Tax Board, which complaint alleged that voter-approved initiative measure that, in order to create a funding method for clean energy job creation, generally required multistate businesses to apportion their California taxable income based on the single factor of in-state sales was invalid.

The Superior Court sustained Board's demurrer. Taxpayer appealed.

The Court of Appeal held that the measure did not violate the California Constitution's single-subject requirement.

An initiative measure does not violate the California Constitution's single-subject requirement if, despite its varied collateral effects, all of its parts are reasonably germane to each other, and to the general purpose or object of the initiative; that "reasonably germane" standard is an accommodating and lenient manner so as not to unduly restrict the people's right to package provisions in a single bill or initiative.

Voter-approved initiative measure that, in order to create a funding method for clean energy job creation, generally required multistate businesses to apportion their California taxable income based on the single factor of in-state sales did not violate the California Constitution's single-subject requirement; measure's provisions were reasonably germane to its purpose since they provided the mechanisms to raise tax revenues and direct them to clean energy job creation, and despite arguments that the measure also allowed cable companies expending \$250,000,000 or more in California to reduce their in-state sales figure by half for taxation purposes and that such a "cable company tax break" was not mentioned in the measure's findings and declarations, the official or proposed titles, or the Attorney General's summary, the whole of the measure was laid out in a 4 ½-page voter information guide.