

# **Bond Case Briefs**

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## **TAX - CALIFORNIA**

### **Howard Jarvis Taxpayers Association v. Coachella Valley Water District**

**Court of Appeal, Fourth District, Division 2, California - January 31, 2025 - Cal.Rptr.3d - 2025 WL 353700**

Taxpayer association filed second amended petition and putative class action complaint against water district, alleging charge that district assessed for non-agricultural water violated state and federal Constitutions, and seeking declaratory judgment, writ directing district to stop enforcement of charge structure and refund of all amounts collected.

The Superior Court issued first order finding charge violated provision of state Constitution limiting types of local property taxes that were allowed. Thereafter, the Superior Court issued second order awarding damages of approximately \$17.5 million per parties' agreement, and issued third order dismissing putative class without prejudice. District appealed.

The Court of Appeal held that:

- Customers sustained economic injury, as required for standing of association as customers' representative;
- District failed to demonstrate that charge did not exceed proportional cost of providing non-agricultural customers water, thus, constitutional provision excluding proportional fees from definition of tax did not apply;
- Constitutional provision excluding from definition of tax charges imposed for government service provided directly to payor that did not exceed costs did not apply to charge;
- Water charge was not excluded from definition of tax on basis charge was used to pay some expense of providing water;
- Provision of the Health and Safety Code permitting actions against city or county did not apply, thus, association's claims were governed by the Government Claims Act;
- Customers were entitled to refund of payments made pursuant to charge; and
- Injunction requiring district to comply with state Constitution's provision defining types of property taxes allowed and excluded was overbroad.