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Marilyn A. Wethekam
Of Counsel
(202) 484-5221
mwethekam@cost.org

August 27, 2025

Honorable Chief Justice Patricia Guerrero and Associate Justices
Supreme Court of California
350 McAllister Street
San Francisco, CA 94102-4797

Via True Filing

Re: Support of Petition in Review of *Pacific Bell Telephone Company et al. v. County of Napa, et al.*, Case No. S292470.

To the Honorable Chief Justice Patricia Guerrero and Associate Justices:

The Council On State Taxation (“COST”) respectfully submits this amicus letter urging the Court to grant review of *Pacific Bell Telephone Company et al. v. County of Napa, et al.*, Case No. A170169 (“*Pacific Bell*”), decided by the Court of Appeal, First Appellate District. In *Pacific Bell*, the First Appellate District held, as provided by Article XIII, section 19 of the California Constitution (“Section 19”), that state-assessed property (e.g., public utility) is subject “to [property] taxation to the same extent and in the same manner as other property.” The court went on to state Section 19 does not require that the same or comparable debt-service tax rates apply to public utility and non-utility property. Thus, the First Appellate District upheld the imposition of the higher property tax rates applied by the County of Napa, pursuant to Revenue and Taxation Code, section 100(b) (“Section 100(b)”), to the County’s state-assessed allocated property values. 112 Cal. App. 5th at 958. The First Appellate District found that the County’s Section 100(b) higher property tax rates on state-assessed property did not violate Section 19, even though Section 100(b) increased state-assessed property to higher tax rates than locally assessed property.

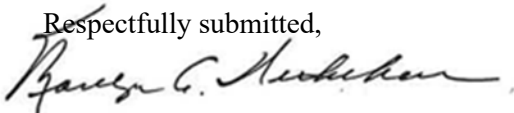
The Council On State Taxation (“COST”) is a nonprofit trade association based in Washington, D.C. Its membership comprises approximately 500 of the largest multistate corporations engaged in interstate and international business and represents industries doing business in every state across the country. Many of the COST members do business in California. COST over the past fifty-six years, has participated as amicus in numerous cases before the U.S. Supreme Court and state courts, including California courts. Notably, COST has filed amicus briefs or amicus letters in *Olympic And Georgia Partners, LLC Plaintiff and Appellant, v. County Of Los Angeles*, (California Supreme Court Case No. S280000); *County of Santa Clara v. Superior Court for Santa Clara County (AT&T Mobility LLC Real Parties in Interest)* (California Supreme Court No. S278618); *HGST, Inc., v. County of Santa Clara*, 45 Cal. App. 5th 934 (2020); and *Harley-Davidson Inc. & Subs. v. California Franchise Tax Board*, 237 Cal. App. 4th 193 (2015).

COST's objective is to preserve and promote equitable, transparent, and non-discriminatory state and local taxation of multijurisdictional business entities, a mission it has steadfastly maintained since its creation. The COST Board of Directors has adopted a policy addressing state and local property tax systems, noting that such systems must be fairly administered and the tax burden equitably distributed among taxpayers.¹ This case raises an important and recurring question on the application of the California Constitution's foundational rules of property tax uniformity. Specifically, whether the California Constitution requires that utility property is subject to the same, or as close as possible, tax rates as used for locally assessed property, *e.g.*, commercial, industrial property, or residential property. The Appellants have filed similar refund claims in all six Appellate Districts. The Court of Appeals in the Third, Fifth and Sixth Districts have issued opinions rejecting the Appellant's arguments.² While reaching the same conclusion, the reasoning and interpretation of Section 19 differs among these Districts.

Granting the Petition for Review in this matter will allow this Court to provide clear guidance with respect to the application of Section 19 and the computation of tax rates pursuant to Section 100(b). The County of Napa's application of Section 100(b)'s two-part formula to determine a countywide tax rate for state-assessed property has caused significant disparity in the overall tax rates applied to state-assessed property compared to locally assessed property. This has resulted in the effective property tax rate for debt service of state-assessed properties being significantly higher than the rate of locally assessed properties. The resulting disproportionality in tax rates creates an inequitable shift of the property tax burden to state-assessed property. Additionally, due to pending litigation and the decisions issued by the Third, Fifth and Sixth Districts on the same issue, there is profound uncertainty on what protections Section 19 provides. This Court should grant review of this case to provide clear guidance on a constitutional provision governing utility property on a statewide basis and clarify whether Section 19 continues to provide state-assessed property with tax rate protection.

For these reasons, COST respectfully urges this Court to grant review in *Pacific Bell*.

Respectfully submitted,



Marilyn A. Wethekam

cc: COST Board of Directors
Patrick J. Reynolds, COST President & Executive Director

¹<https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/fair-and-equitable-property-tax-systems.pdf>.

² *Pacific Bell Company v. County of Placer*, 111 Cal. App. 5th 634 (2025), *County of Santa Clara v. Superior Court*, 87 Cal. App 5th. (2023) and *Pacific Bell Telephone Company. v. County of Merced*, 109 Cal. App. 5th 844 (2025).