

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 2.5  
(ID # 13060)

**MEETING DATE:**  
Tuesday, August 25, 2020

**FROM:** AUDITOR CONTROLLER:

**SUBJECT:** AUDITOR-CONTROLLER: Authorization of denial of state assessed unitary property tax refund claims for Tax Year 2015-16, Districts: All. [\$0]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Authorize the denial of the State assessed unitary property tax refund claims for the return of 2015-16 taxes paid on State assessed bills for Level 3 Communications LLC ("Claimant") pursuant to Revenue and Taxation Code Section 100 and Section 5096 and authorize the Auditor-Controller to notify the Claimants of the Board's decision.

**ACTION:** Consent

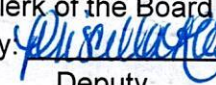
  
Paul A. Angulo, County Auditor-Controller 7/26/2020

---

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Spiegel, seconded by Supervisor Hewitt and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Spiegel, Washington, Perez and Hewitt  
Nays: None  
Absent: Jeffries  
Date: August 25, 2020  
xc: Auditor

Kecia R. Harper  
Clerk of the Board  
By:   
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$0.00	\$0.00	\$0.00	\$0.00
<b>NET COUNTY COST</b>	\$0.00	\$0.00	\$0.00	\$0.00
<b>SOURCE OF FUNDS:</b> N/A			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	2015-16

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

The Auditor-Controller is required to calculate the tax rate necessary for the timely and accurate billing of property taxes in Riverside County. The California Constitution XIII, XIII A and various Revenue and Taxation Codes directs the counties on the property tax process, including State assessed unitary property. The Auditor-Controller's Office has received a property tax refund claim from a unitary property owner for taxes paid in 2015-16. The property owner's claim states the unitary property tax rate is in excess of the rate allowed by the California Constitution, and they have requested a combined refund of \$54,995.53 plus interest.

The Auditor-Controller's Office has followed all the requirements of Revenue and Taxation Code Section 100 directing the establishment and calculation of the unitary tax rate for tax year 2015-16. The unitary tax rates have been audited by the State Controller's Office and deemed calculated in compliance with State law. The Auditor-Controller is requesting the Board's authorization to deny the claims.

The California Constitution and Revenue and Taxation Code legislate property tax. Under Article XIII, Section 1 (a) all property is taxable. Under Section 19 the State Board of Equalization is required to annually assess property owned or used by regulated railway, telegraph, or telephone companies. This property shall be subject to taxation to the same extent and in the same manner as other property. Article XIII A Section 1 (a) states the maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties. Section 1 (b) states the limitation provided for subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the listed voter approved debt, such as school bonds. Revenue and Taxation Code Section 723 and 723.1 instructs the State Board of Equalization regarding valuing property and defines certain state assessed properties as "unitary property" and "non-unitary property". Revenue and Taxation Code Section 100 instructs the County how the values and revenues for unitary property shall be allocated. Section 100 (a) requires the County to establish one countywide tax rate area. The assessed



**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

value of all unitary and operating non-unitary property shall be assigned to this tax rate area. No other property shall be assigned to this tax rate area. Section 100 (b) requires property assigned to the tax rate area created by subdivision (a) to be taxed for the counties ad valorem tax levies at a rate as prescribed by a set formula.

The claimant has challenged the State requirements and stated they are entitled to a refund of a portion of their respectively paid 2015-16 unitary taxes plus interest, on the grounds the taxes were erroneously or illegally collected, or illegally assessed or levied, and gave the following reasons:

- a. The property tax rate applied to compute claimant's property tax was in excess of the rate applied in the same year to the property in the county assessed by the assessor of Riverside county in violation of Article XIII, section 19 of the California Constitution and *ITT World Communications v. City and County of San Francisco*, 37 Cal. 3d 859 (1985).
- b. The property tax rate applied to compute the claimant's property taxes exceeded the rate allowed by Article XIII A, Section 1 of the California Constitution.

In consultation with County Counsel, the Auditor-Controller's Office has reviewed the claims and the audited County practices for unitary taxation. Riverside County follows the requirements of Revenue and Taxation Code Section 100 for the calculation of the unitary tax rate. Therefore, the Auditor-Controller has determined that no refund is allowable to the property owner and requests the Board instruct the Auditor-Controller's Office to deny the claims.

If a board of supervisors for a county does not render a decision in regard to a claim for refund within six months after receipt of such claims, a claimant may file a suit in court. Also, a claimant would have 6 months to file a suit in court from the date a denial decision is made by a board of supervisors. The claim from Level 3 Communications LLC was filed with the County in April 2020 as further described in Attachment A. The County has six months after receipt to approve or deny the claims before the claimants may file suit in court. If the County does deny the claims, that starts a six-month statute of limitations in which a claimant must bring suit.

**Impact on Residents and Businesses**

If a refund were allowable by law, the refund would impact primarily school districts and water districts of Riverside County with voter approved debt obligations.

**ATTACHMENT A:**  
Summary of Claims

SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA



Stephanie P., Principal Management Analyst 8/17/2020

**Claim for Refund of Tax Payments**

Assessee	Co.	Year	Claim	Date Received	
				By County	By Auditor Controller's Office
Level 3 Communications, LLC	33-761	2015-16	\$ 54,995.53	4/3/2020	7/7/2020
			<u><u>\$ 54,995.53</u></u>		





March 30, 2020

Clerk of the Board of Supervisors  
County of Riverside  
4080 Lemon Street, 1<sup>st</sup> Floor, Suite 127  
Riverside CA 92501

Dear Sir or Madam:

I have enclosed a claim for refund of property taxes for the 2015-16 fiscal year for Level 3 Communications LLC. The Company became an indirect wholly-owned subsidiary of CenturyLink, Inc. on November 1, 2017. As Sr. Vice President – Global Tax of CenturyLink, Inc. I have the authority to make this claim for refund of property tax on behalf of Level 3 Communications LLC pursuant to the enclosed Certificate of the Assistant Secretary of Level 3 Communications LLC and also pursuant to Revenue and Taxation Code section 5097. I demand the Board of Supervisors make its order directing the controller to refund the claimant, Level 3 Communications LLC, the amount listed on the enclosed Claim for Refund of Property Taxes, paragraph 3, plus appropriate interest. Supporting documentation of this claim includes a copy of the original tax bill, copies of canceled checks or documentation of successful EFT or ACH deposit. (Exhibits 1 and 2)

Should you have questions concerning this claim, please contact Karen Eisenach, Manager Tax Compliance, CenturyLink, as soon as possible. Her contact info is:

Karen Eisenach, Manager Tax Compliance  
CenturyLink Communications  
1025 Eldorado Blvd  
Rm 23-412  
Broomfield CO 80021

Karen.Eisenach@CenturyLink.com  
303-542-6445

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas A. Richards".

Douglas A. Richards

RECEIVED/RIVERSIDE COUNTY  
ASSESSMENT APPEALS DIVISION  
CLERK/BOARD OF SUPERVISORS  
2020 APR -3 AM 10:12

2020-4-146362



SI:OHA C-3771 9503






**CERTIFICATE OF THE ASSISTANT SECRETARY  
OF  
LEVEL 3 COMMUNICATIONS, LLC**

**March 25, 2020**

The undersigned, Mieke Cole, being the Assistant Secretary of Level 3 Communications, LLC, a Delaware limited liability company (the "Company"), hereby certifies as of the date hereof, solely in her capacity as an officer of the Company, that:

1. As of the date hereof, I am an Assistant Secretary of the Company;
2. Effective as of November 1, 2017, the Company became an indirect wholly-owned subsidiary of CenturyLink, Inc., a Louisiana corporation and publicly traded entity pursuant to that certain Agreement and Plan of Merger dated as of October 31, 2016; and
3. As of the date hereof, Douglas A. Richards is the Senior Vice President – Global Tax of the Company and, in such capacity, has the authority to execute on behalf of the Company any and all documents relating to tax filings and/or refunds of the Company pursuant to the Company's internal policies.

IN WITNESS WHEREOF, I have hereunto set my hand of the Company this 25<sup>th</sup> day of March, 2020.

  
\_\_\_\_\_  
Mieke Cole, Assistant Secretary  
Level 3 Communications, LLC



**CLAIM FOR REFUND OF PROPERTY TAXES**

To: Board of Supervisors, County of Riverside, California.

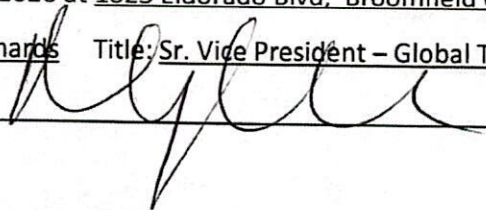
The undersigned, as Sr. Vice-President - Global Tax of CenturyLink Communications, Inc. hereby makes this claim for refund of property tax on behalf of the claimant, **Level 3 Communications LLC**, pursuant to Revenue and Taxation Code section 5097 and demands that the Board of Supervisors make its order directing the controller of said County to refund to claimant the sum of \$ 54,995.53 in taxes levied for the fiscal year 2015-16. In support of said claim, the undersigned states:

1. Claimant is and at all times herein mentioned was Level 3 Communications LLC, a corporation duly organized and existing under the laws of the State of Delaware, with its principal place of business located at 1025 Eldorado Blvd, Broomfield, CO 80021, Broomfield County, Colorado.
2. For fiscal year 2015-16, the California State Board of Equalization assessed the value of claimant's unitary and nonoperating California property pursuant to its authority under Article XIII, section 19 of the California Constitution and section 721 of the Revenue and Taxation Code. Pursuant to its authority under Revenue and Taxation Code section 756, the California Board of Equalization transmitted a roll showing claimant's unitary and nonoperating property in Riverside County. On the basis of said assessment and transmittal of said roll, taxes were levied on said property for said fiscal year in the sum of \$ 215,531.18 (Exhibit 1) and paid by claimant in full on or about 12.4.15 and 4.4.16 (Exhibit 2).
3. Claimant is entitled to a refund of a portion of said taxes in the amount of \$ 54,995.53, plus appropriate interest, on the grounds that said taxes were erroneously or illegally collected, or illegally assessed or levied, for the following reasons:
  - a. The property tax rate applied to compute claimant's property taxes was in excess of the rate applied in the same year to property in the county assessed by the assessor of Riverside County, in violation of Article XIII, section 19 of the California Constitution and *ITT World Communications v. City and County of San Francisco*, 37 Cal. 3d 859 (1985).
  - b. The property tax rate applied to compute claimant's property taxes exceeded the rate allowed by Article XIII A, section 1 of the California Constitution.
4. No refund of said taxes, or any part thereof, has been previously made.

I declare under penalty of perjury that the foregoing is true and correct, and that I am authorized by claimant to make this claim for refund.

Dated: March 30, 2020 at 1025 Eldorado Blvd, Broomfield CO 80021

Name: Douglas A. Richards Title: Sr. Vice President - Global Tax, CenturyLink

Signature: 





RIVERSIDE COUNTY SECURED PROPERTY TAX BILL

For Fiscal Year July 1, 2015 through June 30, 2016

Offices in Riverside, Palm Desert and Temecula
Visit our website: www.countytreasurer.org

IMPORTANT INFORMATION ON REVERSE SIDE

DON KENT, TREASURER
4080 Lemon St (1st Floor) Riverside, California
(P.O. Box 12005, Riverside, CA 92502-2205)

Telephone: (951) 955-3900
or, from area codes 951 and 760 only
toll free: 1 (877) RIVCOTX (748-2689)

Exh 1

Property Data SEE ATTACHMENT
Address Owner: JAN 1, 2015 LEVEL 3 COMMUNICATIONS, LLC
ASSESSMENT NUMBER 33-761
Tax Rate Area Bill Number SBE

LEVEL 3 COMMUNICATIONS, LLC
1025 ELDORADO BLVD.
BROOMFIELD, CO 80021-0000

All questions about ownership, values or
exemptions must be directed to the
Riverside County Assessor at (951) 955-6200.

UNPAID PRIOR-YEAR TAXES
(See Item #6 on reverse)

Tax bill requested by Loan Identification Multiple Bills

Table with 2 columns: CHARGES LEVIED BY TAXING AGENCIES (See Item #4 on reverse) and AMOUNT

LAND STRUCTURES TRADE FIXTURES TREES & VINES
BUSINESS PERSONAL PROPERTY
FULL VALUE EXEMPTIONS
NET VALUE TAX RATE PER \$100 VALUE TAXES
Special Assessments & Fixed Charges
TOTAL AMOUNT If over \$50,000, see Item #1 on reverse \$215,531.18

Table with 2 columns: Add 10% penalty after 12/10/2015 \$107,765.59; Add 10% penalty plus cost after 04/10/2016 \$107,765.59

PLEASE KEEP TOP PORTION FOR YOUR RECORDS
(NO RECEIPTS WILL BE ISSUED - YOUR CANCELLED CHECK IS YOUR RECEIPT)

PAY DUE FEBRUARY 1, 2016 PAY BY APRIL 10, 2016 \$107,765.59
IF PAID AFTER APRIL 10, 2016
ADD 10% penalty plus cost \$10,815.18
DELINQUENT 2nd INSTALLMENT AMOUNT \$118,580.77
(If over \$25,000, see Item #1 on reverse)

SEND THIS STUB WITH YOUR 2nd INSTALLMENT PAYMENT
RIVERSIDE COUNTY
2015-2016 SECURED PROPERTY TAX BILL
PARTIAL PAYMENTS ARE NOT ACCEPTED

ASSESSMENT NUMBER 33-761
Bill Number SBE

Check here for a change of mailing address.
Please provide all corrections on the reverse side.

2nd INSTALLMENT cannot be paid unless 1st installment is paid

Pay taxes online by eCheck, credit/debit card



PAY DUE NOVEMBER 1, 2015 PAY BY DECEMBER 10, 2015 \$107,765.59
IF PAID AFTER DECEMBER 10, 2015
ADD 10% penalty \$10,776.55
DELINQUENT 1st INSTALLMENT AMOUNT \$118,542.14
(If over \$25,000, see Item #1 on reverse)

SEND THIS STUB WITH YOUR 1st INSTALLMENT PAYMENT
RIVERSIDE COUNTY
2015-2016 SECURED PROPERTY TAX BILL
PARTIAL PAYMENTS ARE NOT ACCEPTED

ASSESSMENT NUMBER 33-761
Bill Number SBE

Check here for a change of mailing address.
Please provide all corrections on the reverse side.

1st INSTALLMENT

Pay taxes online by eCheck, credit/debit card





STATE BOARD OF EQUALIZATION ROLL FOR FISCAL YEAR 2015-2016 33 COUNTY OF RIVERSIDE  
761 LEVEL 3 COMMUNICATIONS, LLC

0 T.R.A.	TOTAL TAX	FIRST INSTALLMENT	FIRST INSTALLMENT WITH PENALTY	RECORD OF TAX STATUS	SECOND INSTALLMENT	SECOND INSTALLMENT WITH PENALTY & COST
000-001	\$215,531.18	\$107,765.59		\$118,542.14	\$107,765.59	\$118,580.77
-GRAND TOTALS	\$215,531.18	\$107,765.59		\$118,542.14	\$107,765.59	\$118,580.77
+GRAND TOTALS	\$215,531.18	\$107,765.59		\$118,542.14	\$107,765.59	\$118,580.77
-	UTILITY COMPANIES ARE BILLED BY TAX RATE AREA					
0	THIS SUMMARY IS PROVIDED FOR YOUR CONVENIENCE					

12.4.15

Exn d

Dec 4 Wire Debit REF000132  
BNF=RIVERSIDE COUNTY  
MUFG UNION BANK NA 151203012902  
TREASURER  
107,765.59

4@4.16

Apr 4 Wire Debit REF000084  
BNF=RIVERSIDE COUNTY  
MUFG UNION BANK NA 160331076227  
TREASURER  
107,765.59



CenturyLink  
Tax Dept  
2025 Eldorado Blvd.  
Broomfield, CO 80021-8254



7016 1970 0001 0210 6805

RECEIVED/RIVERSIDE COUNTY  
ASSESSMENT APPEALS DIVISION  
CLERK/BOARD OF SUPERVISORS

2020 APR -3 AM 10: 12

NEOPOST  
03/30/2020  
US POSTAGE \$0  


Clerk of the Board of Supervisors  
County of Riverside  
4080 Lemon Street, 1<sup>st</sup> Fl, Suite 127  
Riverside CA 92501