

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



ITEM: 2.9
(ID # 19197)

MEETING DATE:

Tuesday, June 14, 2022

FROM : AUDITOR CONTROLLER:

SUBJECT: AUDITOR-CONTROLLER: Authorization of denial of state assessed unitary property tax refund claims for Tax Year 2017-18, Districts: All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Authorize the denial of the State assessed unitary property tax refund claim for the return of 2017-18 taxes paid on State assessed bills for Frontier California Inc. ("Claimant"), pursuant to Revenue and Taxation Code Sections 100 and Section 5096 and authorize the Auditor-Controller to notify the Claimants of the Board's decision.

ACTION:Consent

Tanya Harris
Tanya Harris, Assistant Auditor Controller

6/1/2022

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, and Washington
Nays: None
Absent: Perez and Hewitt
Date: June 14, 2022
xc: Auditor

Kecia R. Harper
Clerk of the Board

By: *Zuley Martinez*
Deputy

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STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0.00	\$0.00	\$0.00	\$0.00
NET COUNTY COST	\$0.00	\$0.00	\$0.00	\$0.00
SOURCE OF FUNDS:			Budget Adjustment:	No
			For Fiscal Year:	2021-2022

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 2017-18. The property owners' claim states the unitary property tax rate is in excess of the rate allowed by the California Constitution and have requested a combined refund of \$3,238,118.05 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 2017-18. 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 claim.

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 2017-18 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 claim 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 claim.

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 Frontier California Inc. was filed with the County on March 15, 2022, as further described in Attachment A. The County has six months after receipt to approve or deny the claim before the claimant may file suit in court. If the County does deny the claim, that starts a six-month statute of limitations in which the 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 Claim

ATTACHMENT B:

Claim for Refund – Frontier California Inc.

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


Steven Atkeson 6/2/2022

Auditor-Controller's Office
Property Tax Division
16-May-22

Attachment A

Claim for Refund of Tax Payments

Assessee	Co.	Year	Claim	Date Received	
				By County	By Auditor Controller's Office

Frontier California Inc.

33-201

2017-18

\$ 3,238,118.05

3/15/2022

3/15/2022

\$ 3,238,118.05



RECEIVED RIVERSIDE COUNTY
CLERK/BOARD OF SUPERVISORS
2022 MAR 15 AM 10:06

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

March 10, 2022

County of Riverside
Clerk, Board of Supervisors
Attn: CLAIMS Division
4080 Lemon Street - 5th Floor
Riverside, California 92501

CLAIM FOR PARTIAL REFUND OF 2017/18 PROPERTY TAX PAYMENT

To the Honorable Board of Supervisors,

FRONTIER CALIFORNIA INC. makes a claim for partial refund, in the amount of \$3,238.118.05, together with applicable interest, in connection with its payment of tax year 2017/18 second installment property tax to Riverside County, as described below.

Name and Address

Taxpayer Name: Frontier California Inc.
Address: 401 Merritt 7
ATTENTION: Charles Elms, AVP Indirect Taxes
City, State Zip: Norwalk, CT 06851
email: Charles.Elms@ftr.com
telephone: 203.614.5063

Property Description

Assessment No.:	33-201
Bill No.:	SBE
TRA:	000-001-1
Fiscal Year:	2017/18 Tax Year
TRA 000-001-1 Payment:	\$5,498,489.75
Amount of Claim:	\$3,238.118.05

2022 MAR 15 AM 10:44

BASIS for CLAIMED PARTIAL REFUND of PROPERTY TAX

On April 5, 2018, FRONTIER CALIFORNIA INC. ("Claimant") remitted a second installment property tax payment for tax year 2017/18, in the amount of \$5,498,489.75, to the County of Riverside (the "County").

This claim, filed within four (4) years of that payment, in accordance with California Revenue and Taxation Code ("Code") Section 5097, as interpreted in McDougall v. County of Marin (208 Cal.App.2d 65 (1962)), seeks a partial property tax refund in the amount of \$3,238.118.05.

Claimant is subject to the assessment jurisdiction of the California State Board of Equalization, pursuant to article XIII, section 19 of the California Constitution, which establishes that, "This [State-assessed] property shall be subject to taxation to the same extent and in the same manner as other property."

For tax year 2017/18, the County applied a (Code Section 100(b)) tax rate of 1.6612% to the assessed value of Claimant's property.

For tax year 2017/18, the County applied an (averaged Code Section 93) tax rate of 1.1720% to the assessed value of locally-assessed property.

The tax rate applied by the County to the assessed value of Claimant's property exceeded the tax rate applied by the County the assessed value of locally-assessed property.

Claimant asserts that the 2017/18 tax rate applied by the County to the assessed value of Claimant's property violated article XIII, section 19 of the California Constitution.

On that basis, Claimant contends that, as a matter of law, it is entitled to a partial refund of its second installment property tax payment for tax year 2017/18, in the amount of \$3,238.118.05, based on the difference between the tax rate applied by the County to the assessed value of Claimant's property and the averaged tax rate applied by the County to the assessed value of locally-assessed property.

VERIFICATION

STATE OF CONNECTICUT

COUNTY OF FAIRFIELD

I have read the foregoing **CLAIM for PARTIAL REFUND of PROPERTY TAX** and know its contents.

☒ I, CHARLES W. ELMS, Jr., am Assistant Vice President at FRONTIER CALIFORNIA INC., and am authorized to make this verification for and on its behalf, and I make this verification for that reason.

☒ I am informed and believe, and on that basis confirm, that representations in the foregoing Claim for Partial Refund of Property Tax are true and correct.

I hereby certify and declare under penalty of perjury under the laws of the State of California that the tax amount sought to be partially refunded was paid; that the amount herein claimed is correct, and no part thereof has heretofore been refunded; and, that I am duly authorized to act on behalf of FRONTIER CALIFORNIA INC.

Executed on MARCH 9, 2022, at Norwalk, Connecticut.

CHARLES W. ELMS, Jr.

Type or print name


Charles W. Elms, Jr.
Assistant Vice President

IMPORTANT INFORMATION ON REVERSE SIDE

or, from area codes 951 and 760 only
toll free: 1 (877) RJVCOTX (748-2689)

SBE

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

(See Item #6 on reverse)

Multiple Choice

AMOUNT

\$11,022,921.16

\$5,511

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

SBE

2nd

INSTALLMENT
cannot be paid unless
1st installment is paid

Pay taxes online by eCheck, credit/debit card



www.countytreasurer.org

SBE

STATE BOARD OF EQUALIZATION ROLL FOR FISCAL YEAR
201 FRONTIER CALIFORNIA INC.
RECORD OF TAX STATUS

PAGE 71

T.R.A.	TOTAL TAX	FIRST INSTALLMENT	FIRST INSTALLMENT WITH PENALTY	SECOND INSTALLMENT	SECOND INSTALLMENT WITH PENALTY & COST
000-001	010,996,979.50	05,498,489.75	06,048,538.72	05,498,489.75	06,048,538.75
007-007	0211.32	0105.46	0116.22	0105.46	0116.22
014-031	02,049.96	01,024.97	01,127.46	01,024.97	01,127.46
017-008	016,433.00	07,316.90	08,048.59	07,316.90	08,048.59
021-011	0125.20	062.60	068.86	062.60	068.86
024-013	01,540.96	0709.47	0858.51	0709.47	0858.51
025-022	01,342.26	0671.13	0758.24	0671.13	0758.24
026-044	0331.60	0165.70	0182.27	0165.70	0182.27
056-014	01,354.26	0677.13	0744.84	0677.13	0744.84
062-000	010.40	05.20	05.72	05.20	05.72
062-003	0174.76	087.38	096.11	087.38	096.11
065-043	0972.20	0486.10	0534.71	0486.10	0534.71
071-009	05.00	02.00	03.00	02.00	03.00
082-016	0126.40	062.20	068.42	062.20	068.42
094-008	03,043.10	01,522.59	01,674.86	01,522.59	01,674.86
GRAND TOTALS	011,022,921.16	05,511,460.50	06,062,606.59	05,511,460.50	06,063,186.04

UTILITY COMPANIES ARE BILLED BY TAX RATE AREA

THIS SUMMARY IS PROVIDED FOR YOUR CONVENIENCE

LAW OFFICE OF PETER MICHAELS
3220 N STREET NW #164
WASHINGTON, DC 20007

RECEIVED MAR 15 10:00 AM
CLERK / BOARD OF SUPERVISORS

2022 MAR 15 AM 10:00 0001 8188 1655



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92501

U.S. POSTAGE PAID
FCM LG ENV
WASHINGTON, DC
20037
MAR 11, 22
AMOUNT

\$8.16

R2307N153111-17

County of Riverside
Clerk, Board of Supervisors
Attn: CLAIMS Division
4080 Lemon Street - 5th Floor
Riverside, California 92501