

Sales/Use/Indirect:

California Appellate Court Affirms that Streaming Companies Don't Owe Local Franchise Fees

Case No. B321481, Cal. Ct. App. (2/22/24). In a lawsuit filed by a California city against various streaming entertainment companies claiming that they owed local video service provider fees imposed under California's Digital Infrastructure and Video Competition Act (Act), a California Court of Appeal (Court) affirmed that California localities do *not* have a right of action under the Act to bring the lawsuit against them. In doing so, the Court explained that although the Act expressly authorizes a local government to sue a franchise holder concerning unpaid or underpaid franchise fees, the Act does *not* authorize a local government to seek franchise fees from nonfranchise holders. The holding in this case is in line with similar court decisions in other states and jurisdictions. Note that this case involves franchise fees and not "City Utility Users Taxes" based upon Pub. Util. Code, § 799 et seq. Please contact us with any questions.

URL: <https://www.courts.ca.gov/opinions/documents/B321481.PDF>

— Galina Philipovitch (San Jose)
Managing Director
Deloitte Tax LLP
gphilipovitch@deloitte.com

Hal Kessler (San Francisco)
Managing Director
Deloitte Tax LLP
hkessler@deloitte.com

Evita Graciela Lopez (Costa Mesa)
Managing Director
Deloitte Tax LLP
evlopez@deloitte.com

Brian Wiggins (Sacramento)
Specialist Executive
Deloitte Tax LLP
bwiggins@deloitte.com

Karri Rozario (Sacramento)
Senior Manager
Deloitte Tax LLP
krozario@deloitte.com

Rick Heller (Morristown)
Managing Director
Deloitte Tax LLP
rickheller@deloitte.com

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