OFFICE OF THE
COUNTY
COUNSEL

County of Los Angeles

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County Counsel

November 10, 2026

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

SETTLEMENT OF TAX REFUND LITIGATION
(ALL DISTRICTS AFFECTED)
(3 VOTES)

SUBJECT

Recommendation to settle five lawsuits filed by Southern California Edison (Edison) against the State Board of Equalization (SBE), the County of Los Angeles (County), 18 other California counties, and one city intervenor (Fontana). The lawsuits arise from Edison's claim that the SBE overvalued Edison's state-assessed property each year from 2020 through 2024.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize County Counsel to settle the following five cases pursuant to the terms set forth in this letter:

	Orange County Superior Court Case Number	(Year)
i.	30-2022-01258057-CU-MC-CJC	(2020)
ii.	30-2022-01258109-CU-MC-CJC	(2021)
iii.	30-2023-01328239-CU-MC-CXC	(2022)
iv.	30-2024-01403215-CU-MC-CXC	(2023)
v.	30-2025-01534286-CU-MC-CXC	(2024)

2. Authorize the Auditor-Controller to implement the settlement by crediting and/or refunding approximately $36,314,570 in property taxes and accrued interest for the five years, plus post-judgment interest that may accrue until the settlement amount is fully satisfied, with the final amount to be calculated consistent with the settlement terms.

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The State Board of Equalization (SBE) is responsible for assessing the value of statewide "unitary property" owned by public utilities, including Southern California Edison (Edison). Because Edison's operations span multiple counties, the SBE allocates the assessed value of its unitary property among the counties where the property is located. Each county then bills and collects property taxes on the property within its boundaries and distributes the revenue to local taxing entities, including the county, cities, school districts, and special districts.

Edison filed five lawsuits alleging that the SBE overvalued its unitary property for tax years 2020 through 2024. The property is located in 19 counties, including Los Angeles County. Edison seeks orders requiring the SBE to reduce the assessed valuations and requiring the counties to refund the resulting overpayments.

Edison and the SBE have reached a proposed settlement of the valuation dispute. If approved, the settlement would resolve the five lawsuits through judgments reducing the assessed values of Edison's unitary property for tax years 2020 through 2024. For tax years 2026 through 2028, the SBE would apply the same valuation adjustment. In exchange, Edison would waive challenges to its unitary valuations for those years based on climate change or wildfire-related considerations. The reductions for 2020 through 2024 would require the affected counties to refund the resulting property tax overpayments.

Your Board's authorization is required for the County to approve the proposed settlement. The estimated refund attributable to taxing entities within Los Angeles County, including the County, cities, schools, and other taxing districts, is $36,314,570, including property tax and prejudgment interest calculated at three (3) percent per year. The County's share, including its dependent districts (General Fund, Fire, Library, Flood Control, etc.), is approximately $13.32 million, though this amount may be adjusted based on a final calculation of accrued interest after the court enters judgment and payment is issued. If the settlement is approved, County Counsel will work with the Auditor-Controller to implement the settlement by issuing a refund or crediting the amount against Edison's next unitary property tax payment as appropriate to reduce the accrual of interest to the extent possible.

The proposed settlement is recommended in light of the risks and uncertainties of continued litigation. Resolving the cases now would also avoid further litigation costs.

After all 19 counties approve the settlement, the SBE is expected to consider it, likely at its next regular meeting on November 20, 2026. The settlement will become final after it is approved by the SBE, Edison, all 19 counties, and the City of Fontana, and the Court enters judgment.

FISCAL IMPACT/FINANCING

To date, County Counsel has incurred approximately $57,197.29 in attorneys' fees and $903.56 in costs, representing the County in this matter.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

California law requires the SBE to annually assess the value of all unitary property in the State. (Rev. & Tax. Code, § 721.) An owner of that property (the "assessee") may challenge the SBE's assessment by bringing an action against the SBE and each county in which the unitary property is located. If the action results in a judgment for the assessee, the counties must refund any overpaid taxes and applicable interest. A county may then recover from cities and other taxing entities the amounts attributable to taxes it collected on their behalf. The county may make that recovery by offsetting the amounts against funds held in the county treasury for those entities or against amounts otherwise due to them, including property tax apportionments. (Rev. & Tax. Code, § 5148.)

Edison and the SBE have engaged in settlement discussions for the past year before arriving at the proposed settlement. The total settlement provides for Edison to receive a refund of $90 million from the 19 county defendants, plus approximately $10.7 million in accrued prejudgment interest. If approved, the portion of the refund due from all taxing entities in the County of Los Angeles is estimated to be $36,314,570, of which $13.32 million is due from the County and its dependent districts. Settlement is subject to your Board's approval.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

None.

CONCLUSION

County Counsel recommends your Board approve the settlement.

Respectfully submitted,

DAWYN R. HARRISON
County Counsel

DRH:MSB:bl

c: Joseph M. Nicchitta, Chief Executive Officer
Edward Yen, Executive Officer, Board of Supervisors
Oscar Valdez, Auditor-Controller