

Bond Case Briefs

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TAX - HAWAII

Tax Foundation of Hawai'i v. State

Supreme Court of Hawai'i - March 21, 2019 - P.3d - 2019 WL 1292286

Non-profit corporation filed a class action on behalf of all taxpayers in certain city and county challenging implementation of legislation authorizing the State to be reimbursed for its costs in administering rail surcharge on state general excise and use taxes on behalf of city and county, and seeking declaratory, injunctive, and mandamus relief.

The Circuit Court granted State's motion to dismiss. Non-profit corporation appealed.

The Supreme Court held that:

- Tax appeal court did not have exclusive jurisdiction over the claim;
Statute barring declaratory-relief in controversies with respect to taxes did not preclude corporation from asserting the claim;
- A party seeking declaratory relief need not satisfy three-part injury-in-fact test to have standing, abrogating *Mottl v. Miyahira*, 95 Hawai'i 381, 388, 23 P.3d 716, 723 (2001), *Cty. of Kaua'i ex rel. Nakazawa v. Baptiste*, 115 Hawai'i 15, 26, 165 P.3d 916, 927 (2007), and *County of Hawai'i v. Ala Loop Homeowners*, 123 Hawai'i 391, 235 P.3d 1103 (2010);
- Although state courts may consider standing even when not raised by the parties, they are not required to do so sua sponte, as they would be required to do if they perceive issues of subject-matter jurisdiction, abrogating *State v. Kam*, 69 Haw. 483, 488, 748 P.2d 372, 375-76 (1988), *Akinaka v. Disciplinary Board of the Hawai'i Supreme Court*, 91 Hawai'i 51, 979 P.2d 1077 (1999), *Hui Kako'o Aina Ho'opulapula v. Board of Land & Natural Resources*, 112 Hawai'i 28, 59, 143 P.3d 1230, 1261 (2006), *Kēahole Defense Coalition, Inc. v. Board of Land & Natural Resources*, 110 Hawai'i 419, 134 P.3d 585 (2006), and *McDermott v. Ige*, 135 Hawai'i 275, 283, 349 P.3d 382, 390 (2015).
- Corporation had standing to bring declaratory action;
- State's collection of 10% of gross proceeds of rail surcharge not violate equal-protection clauses of the Hawai'i or United States Constitutions; and
- Statute authorizing State's collection of 10% of gross proceeds of rail surcharge did not violate General Laws provision of State Constitution.