

Bond Case Briefs

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TAX - HAWAII

Ocean Resort Villas Vacation Owners Association v. County of Maui

Supreme Court of Hawai'i - June 19, 2020 - P.3d - 2020 WL 3397756

Taxpayers brought action against county, seeking declaratory relief regarding the legality and constitutionality of county's timeshare real property tax classification and whether its method of promulgation violated the Hawai'i Sunshine Law.

The Circuit Court granted taxpayers' motions for partial summary judgment. County brought an interlocutory appeal, and the Supreme Court accepted transfer of the appeal from the Intermediate Court of Appeals. After voluntary mediation and settlement, county moved to partially dismiss the appeal and for remand for vacatur, and the motion was denied.

The Supreme Court held that:

- The Circuit Court lacked subject matter jurisdiction;
- Taxpayers' recourse was through county procedures for appealing tax assessments; and
- Disapproval of stipulation and motion for partial dismissal were warranted without remand for evaluation of potential vacatur.

Taxpayers' declaratory-judgment action challenging legality and constitutionality of county's timeshare real property tax classification was a "controversy with respect to taxes," and thus circuit court lacked subject matter jurisdiction pursuant to declaratory judgment statute; taxpayers' original and amended complaints all sought declaratory relief in form of voiding county's real property timeshare tax, a result which would have interfered with assessment or collection of taxes.

Taxpayers' recourse to challenge legality and constitutionality of county's timeshare real property tax classification was through county procedures for appealing tax assessments, rather than declaratory judgment in circuit court; taxpayers alleged classification and rates violated equal protection clauses, rights of free speech and to petition, and procedural due process rights, taxpayers sought declaratory judgment as to illegality of amended assessment, and taxpayers brought § 1983 action that was dependent upon alleged constitutional violations.

Supreme Court's disapproval of appellees' and appellant's stipulation and order to remand and vacate circuit court's decision, and denial of appellant's motion for partial dismissal of appeal, were warranted without remand for circuit court to evaluate potential vacatur; there were grave concerns with adopting process by which an appellate court, based solely on settlement of parties, approved stipulation to dismiss an appeal when parties' end goal was vacating judgment, mootness on appeal occurred solely by reason of voluntary settlement of parties, and no fact-intensive inquiry was required.