SUPREME COURT OF THE UNITED STATES

McCulloch v. State of Maryland

McCulloch, 17 U.S. at 316 (1819) · Decided March 18, 1819

SUMMARY

The Supreme Court considered whether Congress had constitutional authority to charter the Second Bank of the United States and whether Maryland could tax the bank's Baltimore branch. The Court held that Congress possessed implied powers under the Necessary and Proper Clause and that Maryland's tax was unconstitutional because the power to tax could be used to destroy or control federal operations.

CASE DETAILS

COURT	Supreme Court of the United States
WRITING FOR THE COURT	John Marshall
JURISDICTION	Federal
DECIDED	March 18, 1819
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Writ of error to the Court of Appeals of Maryland in an action brought to recover penalties imposed under a Maryland statute taxing notes issued by branches of banks not chartered by Maryland.
STANDARD OF REVIEW	De novo review of constitutional questions presented on an agreed statement of facts.
PRECEDENTIAL VALUE	binding
PARTIES	James William McCulloch v. John James, State of Maryland

TOPICS

constitutional law · federalism · supremacy clause · tenth amendment · statutory interpretation

PRACTICE AREAS

constitutional law · federal courts · banking law · state and local taxation

QUESTIONS PRESENTED

1. Whether Congress had constitutional authority to incorporate the Bank of the United States.

2. Whether the Bank of the United States had constitutional authority to establish a branch in Maryland without Maryland's consent.
3. Whether Maryland could constitutionally tax the Bank of the United States or its Baltimore branch.

HOLDINGS

1. Congress constitutionally may incorporate a bank as an appropriate means of carrying into execution its enumerated powers, including taxation, borrowing, spending, and regulation of interstate commerce.
2. A law is constitutional under the Necessary and Proper Clause when it is appropriate, plainly adapted to a legitimate constitutional end, and not prohibited by the Constitution; absolute necessity is not required.
3. The federally chartered Bank of the United States had constitutional authority to establish a branch in Maryland without Maryland's consent.
4. Maryland could not constitutionally tax the Bank of the United States or its Baltimore branch because the power to tax involves the power to destroy and state taxation may not control, impede, or defeat constitutional federal operations.

KEY QUOTATIONS

> *"Let the end be legitimate, let it be within the scope of the constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist with the letter and spirit of the constitution, are constitutional."* (17 U.S. at 421)

> *"The government of the Union, then, though limited in its powers, is supreme within its sphere of action."* (17 U.S. at 425)

> *"The power to tax involves the power to destroy."* (17 U.S. at 431)

> *"The States have no power, by taxation or otherwise, to retard, impede, burden, or in any manner control, the operations of the constitutional laws enacted by Congress to carry into execution the powers vested in the general government."* (17 U.S. at 432)

FACTUAL BACKGROUND

Congress chartered the Second Bank of the United States, and the bank established a branch in Baltimore, Maryland. James William McCulloch, the branch cashier, issued bank notes that were not printed on Maryland's required stamped paper, and neither the bank nor its branch paid Maryland's alternative annual tax of $15,000. Maryland sought statutory penalties, asserting that its law was valid notwithstanding the federal bank charter.

PROCEDURAL HISTORY

The Baltimore County Court entered judgment against McCulloch based on an agreed statement of facts. The Maryland Court of Appeals, the state's highest court, affirmed. The Supreme Court granted review by writ of error and reversed the state-court judgment.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The judgment of the Maryland Court of Appeals was reversed, and the cause was remanded for further proceedings consistent with the Supreme Court's opinion, resulting in judgment for McCulloch rather than recovery of the Maryland penalties.

CASES CITED

- Sturges v. Crowninshield (ante, p. 122)