SUPREME COURT OF MINNESOTA

First Baptist Church of St. Paul v. City of St. Paul

884 N.W.2d 355 (Minn. 2016) · No. A15-0015 · Decided August 24, 2016

SUMMARY

The Minnesota Supreme Court held that the City of Saint Paul's annual right-of-way assessment was imposed under the taxing power rather than the police power and therefore constituted a tax subject to constitutional restrictions. The court further held that whether the assessed properties received a special benefit, and the amount of any such benefit, presented genuine issues of material fact precluding summary judgment. The court reversed and remanded.

CASE DETAILS

COURT	Supreme Court of Minnesota
WRITING FOR THE COURT	Justice Lillehaug
JURISDICTION	Minnesota
DECIDED	August 24, 2016
DOCKET	A15-0015
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The Churches appealed their 2011 right-of-way assessments. The district court granted the City's motion for summary judgment, and the court of appeals affirmed. The Minnesota Supreme Court granted review.
STANDARD OF REVIEW	Summary judgment is reviewed to determine whether genuine issues of material fact exist and whether the lower courts erred in applying the law; the evidence is viewed in the light most favorable to the party against whom summary judgment was granted. Whether the assessment was imposed under the taxing power or police power is reviewed de novo.
PRECEDENTIAL VALUE	Published, precedential opinion of the Minnesota Supreme Court
PARTIES	First Baptist Church of St. Paul, Church of St. Mary v. City of St. Paul

TOPICS

municipal finance · municipal law · tax · summary judgment · constitutional law

PRACTICE AREAS

Municipal law · state and local taxation · constitutional law · civil procedure

QUESTIONS PRESENTED

1. Whether Saint Paul's annual right-of-way assessment was a tax imposed under the City's taxing power or a fee imposed under its police power.
2. If the assessment was a tax, whether constitutional restrictions on special assessments, including the special-benefit requirement, applied.
3. Whether the record presented a genuine issue of material fact concerning the amount of special benefit, if any, conferred on the Churches' properties, thereby precluding summary judgment.

HOLDINGS

1. Saint Paul's right-of-way assessment was imposed as an exercise of the City's taxing power and was therefore a tax, not a police-power fee.
2. Because the right-of-way assessment was a tax and special assessment, it was subject to constitutional restrictions on taxation, including uniformity requirements and the requirement that the assessment not exceed the special benefit conferred on the assessed property.
3. Summary judgment for the City was improper because the record contained a genuine issue of material fact concerning the amount of special benefit, if any, conferred on the Churches' properties by the right-of-way services.

KEY QUOTATIONS

> *"Because the City of Saint Paul's 2011 right-of-way assessment was imposed as an exercise of the taxing power, it was a tax subject to constitutional restrictions."* (884 N.W.2d at 355)

> *"The amount, if any, by which appellants' properties were specially benefited by the City's right-of-way maintenance services presents a genuine issue of material fact precluding summary judgment."* (884 N.W.2d at 355)

> *"The City's ROW assessment functions as "a revenue measure, benefiting the public in general," rather than as a "purely regulatory or license fee.""* (884 N.W.2d at 368)

FACTUAL BACKGROUND

Saint Paul imposed annual right-of-way assessments on more than 81,000 properties to fund street and right-of-way maintenance, including street repair, snow removal, lighting, signs, tree maintenance, and emergency services. The assessments were calculated principally from assessable frontage and varied by property character and location; First Baptist was charged $15,705.90 and St. Mary was charged $8,659.02 for 2011. The Churches submitted certified appraisals stating that the services produced no increase in the market value of their properties, while the City relied on its assessment roll and evidence of services provided.

PROCEDURAL HISTORY

The Churches challenged annual right-of-way assessments imposed by Saint Paul, arguing that the assessments were taxes subject to constitutional uniformity and special-benefit requirements and that the amounts exceeded the benefits to their properties. The district court characterized the assessments as police-power fees and upheld them under a reasonableness standard. The court of appeals affirmed, but the Supreme Court reversed and remanded because the assessments were imposed under the City's taxing power and a genuine issue of material fact existed concerning special benefits.

DISPOSITION

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reversed_and_remanded
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REMAND INSTRUCTIONS

Remand to the district court for further proceedings under the constitutional standards governing taxing-power special assessments, including determination of whether the Churches' properties received special benefits and whether the assessments exceeded those benefits.

CASES CITED

- First Baptist Church of St. Paul v. City of St. Paul, No. A12-1582, 2013 WL 1943045 (Minn. App. May 13, 2013)
- First Baptist Church of St. Paul v. City of St. Paul, No. A15-0015, 2015 WL 5089063 (Minn. App. Aug. 31, 2015)
- J.E.B. v. Danks, 785 N.W.2d 741 (Minn. 2010)
- State by Cooper v. French, 460 N.W.2d 2 (Minn. 1990)
- Fabio v. Bellomo, 504 N.W.2d 758 (Minn. 1993)
- Johnson v. City of Eagan, 584 N.W.2d 770 (Minn. 1998)
- Buettner v. City of St. Cloud, 277 N.W.2d 199 (Minn. 1979)
- Carlson-Lang Realty Co. v. City of Windom, 307 Minn. 368, 240 N.W.2d 517 (1976)
- State v. Roselawn Cemetery Ass'n, 259 Minn. 479, 108 N.W.2d 305 (1961)
- State v. Reis, 38 Minn. 371, 38 N.W. 97 (1888)
- Drew v. Tifft, 79 Minn. 175, 81 N.W. 839 (1900)
- American Bank of St. Paul v. City of Minneapolis, 802 N.W.2d 781 (Minn. App. 2011)
- Country Joe, Inc. v. City of Eagan, 560 N.W.2d 681 (Minn. 1997)
- Farmers Ins. Grp. v. Comm'r of Taxation, 278 Minn. 169, 153 N.W.2d 236 (1967)
- Hendricks v. City of Minneapolis, 207 Minn. 151, 290 N.W. 428 (1940)
- Reserve Mining Co. v. State, 310 N.W.2d 487 (Minn. 1981)
- In re Concord Street Assessment, 148 Minn. 329, 181 N.W. 859 (1921)
- Quality Homes, Inc. v. Village of New Brighton, 289 Minn. 274, 183 N.W.2d 555 (1971)
- Hartle v. City of Glencoe, 303 Minn. 262, 226 N.W.2d 914 (1975)
- In re Meyer, 176 Minn. 240, 223 N.W. 135 (1929)

- In re Improvement of Lake of the Isles Park, 152 Minn. 39, 188 N.W. 59 (1922)
- Crescent Oil Co. of Minnesota v. City of Minneapolis, 177 Minn. 539, 225 N.W. 904 (1929)
- State v. Labo's Direct Serv., 232 Minn. 175, 44 N.W.2d 823 (1950)
- Donald v. Moses, 254 Minn. 186, 94 N.W.2d 255 (1959)
- Anderson v. City of Bemidji, 295 N.W.2d 555 (Minn. 1980)
- In re Superior St. in Duluth, 172 Minn. 554, 216 N.W. 318 (1927)
- Am. Oil Co. v. City of St. Cloud, 295 Minn. 428, 206 N.W.2d 31 (1973)
- Ewert v. City of Winthrop, 278 N.W.2d 545 (Minn. 1979)
- Nyquist v. Town of Center, Crow Wing County, 312 Minn. 266, 251 N.W.2d 695 (1977)
- Downtown Development Project, Marshall City Council Resolution No. 57 v. City of Marshall, 281 N.W.2d 161 (Minn. 1979)
- In re Village of Burnsville, 310 Minn. 32, 245 N.W.2d 445 (1976)
- Buzick v. City of Blaine, 505 N.W.2d 51 (Minn. 1993)
- Tri-State Land Co. v. City of Shoreview, 290 N.W.2d 775 (Minn. 1980)
- Aldrich v. City of Minneapolis, 52 Minn. 164, 53 N.W. 1072 (1893)
- Brewster v. City of Pocatello, 768 P.2d 765 (Idaho 1988)
- Covell v. City of Seattle, 905 P.2d 324 (Wash. 1995)
- State v. City of Port Orange, 650 So. 2d 1 (Fla. 1994)
- United States v. City of Huntington, 999 F.2d 71 (4th Cir. 1993)
- Empress Casino Joliet Corp. v. Balmoral Racing Club, Inc., 651 F.3d 722 (7th Cir. 2011)
- National Cable Television Ass'n v. United States, 415 U.S. 336 (1974)