WASHINGTON SUPREME COURT

Sheehan v. Central Puget Sound Regional Transit Authority

155 Wash. 2d 790 (2005) · Decided November 10, 2005

SUMMARY

The Washington Supreme Court affirmed summary judgment dismissing challenges to motor vehicle excise taxes imposed by Sound Transit and the Seattle Popular Monorail Authority. The court held that the taxes were authorized by law, valid excise taxes, properly collectible annually, not preempted by Washington vehicle-licensing statutes, and not prohibited property taxes. The court also held that delaying class-certification proceedings until resolution of dispositive motions was permissible and that the class-certification issue was moot.

CASE DETAILS

COURT	Washington Supreme Court
WRITING FOR THE COURT	Owens, J.; Alexander, C.J.; Johnson, J.; Madsen, J.; Chambers, J.; Fairhurst, J.; Baker, J. Pro Tem.
JURISDICTION	Washington
DECIDED	November 10, 2005
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appellants directly appealed the superior court's grant of summary judgment for the respondent transit authorities, dismissal of their constitutional and statutory challenges to motor vehicle excise taxes, and denial as moot of their motion for class certification.
STANDARD OF REVIEW	Summary judgment and questions involving constitutional limits on local taxation and statutory interpretation are reviewed de novo. Class-certification decisions are reviewed for manifest abuse of discretion.
PRECEDENTIAL VALUE	Published Washington Supreme Court opinion; precedential.
PARTIES	Patrick Sheehan, James Reynolds v. Central Puget Sound Regional Transit Authority, Seattle Popular Monorail Authority

TOPICS

tax · constitutional law · municipal law · statutory interpretation · class actions

PRACTICE AREAS

taxation | constitutional law | municipal law | civil procedure | appellate procedure

QUESTIONS PRESENTED

1. Whether Sound Transit's and the Monorail's motor vehicle excise taxes violated article VII, section 5 of the Washington Constitution because the enabling statutes did not expressly identify vehicle registration as the taxable event.
2. Whether the taxes were invalid excise taxes because they were allegedly involuntary or were measured by vehicle value rather than by use of public roadways.
3. Whether the enabling legislation authorized annual collection of the taxes or instead imposed only a one-time per-vehicle cap.
4. Whether the taxing ordinances failed to state distinctly the object of the taxes as required by article VII, section 5.
5. Whether the taxes were preempted by RCW 46.08.010.
6. Whether the taxes were prohibited property taxes under RCW 82.44.130 and RCW 84.36.595(2).
7. Whether the trial court abused its discretion by deciding the cross-motions for summary judgment before ruling on the CR 23 class-certification motion.
8. Whether appellants were entitled to attorney fees.

HOLDINGS

1. The Authorities' use of vehicle registration as the event triggering their motor vehicle excise taxes was authorized by law and did not violate article VII, section 5 of the Washington Constitution.
2. The motor vehicle taxes were valid excise taxes rather than unconstitutional property taxes.
3. The enabling legislation authorized annual imposition and collection of the motor vehicle excise taxes; it did not establish a one-time per-vehicle cap.
4. The Authorities' ordinances satisfied article VII, section 5 because they identified the transit and monorail projects to which the tax proceeds were dedicated.
5. RCW 46.08.010 did not preempt the Authorities' motor vehicle excise taxes.
6. The Authorities' taxes were not ad valorem or property taxes prohibited by RCW 82.44.130 and RCW 84.36.595(2).
7. The trial court acted within its discretion by deferring the CR 23 class-certification decision until after deciding dispositive motions, and the class-certification issue was moot after dismissal of the substantive claims.

KEY QUOTATIONS

> *"The standard of review of an order of summary judgment is de novo, and the appellate court performs the same inquiry as the trial court."* (155 Wash. 2d at 797)

> *“First, excise taxes are imposed upon a voluntary act of the taxpayer, which affords the taxpayer the benefits of the occupation, business, or activity that triggers the taxable event. Second, excise taxes are directly imposed based upon the extent to which the taxpayer enjoys the taxable privilege.”* (155 Wash. 2d at 800)

> *“Certainly, if the Authorities had imposed true property taxes, there would be no exception for residents who choose to own, but not use, their motor vehicles.”* (155 Wash. 2d at 807)

FACTUAL BACKGROUND

Sound Transit and the Seattle Popular Monorail Authority were created under Washington enabling legislation and obtained voter approval for motor vehicle excise taxes to fund regional transit and monorail projects. The taxes were calculated as percentages of vehicle value and collected through the Washington Department of Licensing at vehicle registration or relicensing. The appellants owned vehicles within one or both taxing jurisdictions, paid the taxes, and challenged them as unconstitutional, preempted, unauthorized, or impermissible property taxes.

PROCEDURAL HISTORY

Appellants filed suit in King County Superior Court challenging Sound Transit's and the Monorail's motor vehicle excise taxes as unconstitutional and unauthorized by statute. The parties filed cross-motions for summary judgment, and the trial court granted the Authorities' motion, denied Appellants' motion, dismissed all claims, and denied the pending class-certification motion as moot. The Washington Supreme Court granted direct review and affirmed.

DISPOSITION

affirmed

CASES CITED

- Jones v. Allstate Ins. Co., 146 Wn.2d 291, 300, 45 P.3d 1068 (2002)
- Okeson v. City of Seattle, 150 Wn.2d 540, 548-49, 78 P.3d 1279 (2003)
- State v. J.P., 149 Wn.2d 444, 450, 69 P.3d 318 (2003)
- Dep't of Ecology v. Campbell & Gwinn, L.L.C., 146 Wn.2d 1, 9-12, 43 P.3d 4 (2002)
- C.J.C. v. Corp. of the Catholic Bishop of Yakima, 138 Wn.2d 699, 708-09, 985 P.2d 262 (1999)
- King County v. City of Algona, 101 Wn.2d 789, 791, 681 P.2d 1281 (1984)
- Harbour Vill. Apartments v. City of Mukilteo, 139 Wn.2d 604, 611, 989 P.2d 542 (1999)
- Black v. State, 67 Wn.2d 97, 99, 406 P.2d 761 (1965)
- State ex rel. Hansen v. Salter, 190 Wash. 703, 705-07, 70 P.2d 1056 (1937)
- Dep't of Revenue v. Hoppe, 82 Wn.2d 549, 552, 512 P.2d 1094 (1973)
- Alderwood Water Dist. v. Pope & Talbot, Inc., 62 Wn.2d 319, 321, 382 P.2d 639 (1963)
- Kennedy v. City of Seattle, 94 Wn.2d 376, 383-84, 617 P.2d 713 (1980)
- Lacey Nursing Ctr., Inc. v. Dep't of Revenue, 128 Wn.2d 40, 47, 905 P.2d 338 (1995)

- Wash. Educ. Ass'n v. Shelton Sch. Dist. No. 309, 93 Wn.2d 783, 789, 613 P.2d 769 (1980)
- Wright v. Schock, 742 F.2d 541, 544 (9th Cir. 1984)
- Pierce County v. State, 150 Wn.2d 422, 78 P.3d 640 (2003)