

SUPREME COURT OF THE UNITED STATES

Mobile v. Watson

116 U.S. 289 (1886) · Decided January 4, 1886

SUMMARY

The Supreme Court held that the Port of Mobile was the legal successor to the City of Mobile and was therefore liable for the City's outstanding bond obligations. The Court further held that subsequent legislation impairing the taxing power needed to satisfy those obligations violated constitutional protections for contracts, and it affirmed judgments and a writ of mandamus requiring payment.

CASE DETAILS

COURT	Supreme Court of the United States
WRITING FOR THE COURT	Justice Woods
JURISDICTION	Federal
DECIDED	January 4, 1886
DISPOSITION	affirmed
PROCEDURAL POSTURE	Consolidated writs of error reviewing a judgment against the Port of Mobile on bonds issued by the former City of Mobile and a judgment directing issuance of a peremptory writ of mandamus compelling the Port and its Police Board to levy and collect taxes to satisfy that judgment.
STANDARD OF REVIEW	De novo review of the legal question whether the Port of Mobile was the legal successor to the City of Mobile and whether the statutory changes impaired the bondholders' contractual remedies; review of the mandamus judgment for legal warrant.
PRECEDENTIAL VALUE	published precedential opinion of the Supreme Court of the United States
PARTIES	Mobile, Port of Mobile, Mobile Police Board v. Henry Watson, United States ex rel. Watson

TOPICS

- municipal finance
- municipal law
- contracts clause
- remedies
- municipal liability

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the Port of Mobile was the legal successor of the dissolved City of Mobile and therefore liable for the City's bond obligations.
2. Whether Alabama legislation that dissolved the City and restricted the Port's taxing authority unlawfully impaired the bondholders' contractual rights.
3. Whether mandamus was available to compel the Port and its Police Board to levy and collect taxes sufficient to satisfy Watson's judgment.

HOLDINGS

1. The Port of Mobile was the legal successor of the City of Mobile and was liable for the City's debts because the two corporations consisted of substantially the same community, included substantially the same taxable property, served the same general purposes, and the City's public property was transferred to the Port for the same uses.
2. Once the City of Mobile had issued the bonds and contracted to levy a special tax for their payment, later legislation withdrawing or restricting that taxing power without providing an adequate substitute remedy was invalid and ineffectual.
3. Mandamus was proper to compel the Port of Mobile and its Police Board to assess, levy, and collect the taxes necessary to satisfy Watson's judgment.

KEY QUOTATIONS

"Where the legislature of a State has given a local community, living within designated boundaries, a municipal organization, and by a subsequent act or series of acts repeals its charter and dissolves the corporation, and incorporates substantially the same people as a municipal body under a new name for the same general purpose, and the great mass of the taxable property of the old corporation is included within the limits of the new, and the property of the old corporation used for public purposes is transferred without consideration to the new corporation for the same public uses, the latter, notwithstanding a great reduction of its corporate limits, is the successor in law of the former, and liable for its debts" (301)

"Where the resource for the payment of the bonds of a municipal corporation is the power of taxation existing when the bonds were issued, any law which withdraws or limits the taxing power and leaves no adequate means for the payment of the bonds is forbidden by the Constitution of the United States, and is null and void." (305)

"The courts, therefore, treating as invalid and void the legislation abrogating or restricting the power of taxation delegated to the municipality, upon the faith of which contracts were made with her and upon the continuance of which alone they can be enforced, can proceed, and by mandamus compel, at the instance of the parties interested, the exercise of that power, as if no such legislation had ever been attempted." (306)

FACTUAL BACKGROUND

The former City of Mobile issued bonds to aid construction of the Mobile and Great Northern Railroad and contracted to levy an annual special tax of \$95,000 for payment of the bonds and interest. In 1879 Alabama dissolved the City of Mobile and created the Port of Mobile, which covered a smaller area but included substantially the same population, nearly all of the City's taxable property, and later received nearly all of the City's public property. Watson held bonds from the City's issue, obtained a judgment against the Port, and then sought mandamus after execution was returned with no property found.

PROCEDURAL HISTORY

Watson recovered a jury verdict and judgment for \$7,308.80 against the Port of Mobile on bonds originally issued by the City of Mobile. After execution was returned unsatisfied, Watson sought mandamus requiring the Port and its Police Board to assess, levy, and collect a special tax to pay the judgment. The Circuit Court ordered the judgment and mandamus, and the Port sought review by writs of error. The Supreme Court affirmed both judgments.

DISPOSITION

affirmed

CASES CITED

- Girard v. Philadelphia, 7 Wall. 1 (1869)
- Broughton v. Pensacola, 93 U.S. 266 (1876)
- O'Connor v. Memphis, 6 Lea 730 (Tenn.)
- Mount Pleasant v. Beckwith, 100 U.S. 514 (1880)
- Amy v. Selma
- Mobile & Spring Hill Railroad Co. v. Kennerly, 74 Ala. 566
- Von Hoffman v. City of Quincy, 4 Wall. 535 (1867)
- Edwards v. Kearzey, 96 U.S. 595 (1878)
- Ralls County Court v. United States, 105 U.S. 733 (1882)
- Louisiana v. Pillsbury, 105 U.S. 278 (1882)
- Louisiana v. Mayor of New Orleans, 109 U.S. 285 (1883)
- Wolff v. New Orleans, 103 U.S. 358 (1881)
- United States v. Railroad Co., 17 Wall. 322 (1873)
- Tippecanoe County v. Lucas, 93 U.S. 108 (1876)
- Merriwether v. Garrett, 102 U.S. 472 (1880)
- Wolff v. New Orleans, 103 U.S. 358 (1881)
- Colchester v. Seaber, 3 Burrow 1866
- People v. Morris, 13 Wend. 325