SUPREME COURT OF ARKANSAS

Wilson v. Walther

2017 Ark. 270 (2017) · No. CV-17-90 · Decided October 5, 2017

SUMMARY

The Arkansas Supreme Court reviewed an illegal-exaction suit challenging 2015 appropriations from the General Improvement Fund to planning and development districts. The court held that the taxpayer had standing and that the claims were not moot, and it concluded that the appropriations violated article 5, section 29 of the Arkansas Constitution because their purposes were not distinctly stated. The court reversed and remanded on direct appeal and affirmed on the cross-appeal.

CASE DETAILS

COURT	Supreme Court of Arkansas
WRITING FOR THE COURT	Robin F. Wynne; Rhonda K. Wood; Shawn A. Womack
JURISDICTION	Arkansas
DECIDED	October 5, 2017
DOCKET	CV-17-90
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Taxpayer appealed the grant of summary judgment to the defendants in an illegal-exaction action challenging the constitutionality of 2015 appropriations. The defendants cross-appealed rulings that Wilson had standing and that his claims for declaratory and injunctive relief were not moot.
STANDARD OF REVIEW	Summary judgment is appropriate when the parties agree that no material facts remain. Constitutional interpretation is reviewed de novo. Legislative acts are presumed constitutional and will be invalidated only upon a clear incompatibility with the constitution.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Mike Wilson v. Larry Walther, Director of the Arkansas Department of Finance and Administration, Andrea Lea, State Auditor, Charles Piazza, Dennis Milligan, State Treasurer, Central Arkansas Planning and Development District

TOPICS

constitutional law · mootness · appellate procedure · standard of review · declaratory judgment

PRACTICE AREAS

constitutional law · appellate procedure · remedies · municipal and state finance

QUESTIONS PRESENTED

1. Whether Wilson had taxpayer standing to bring a public-funds illegal-exaction action concerning General Improvement Fund appropriations.
2. Whether the action was moot because the appropriated funds had been disbursed to Central Arkansas Planning and Development District before the complaint was filed.
3. Whether the challenged appropriations violated article 5, section 29 of the Arkansas Constitution because their stated purpose, grants to planning and development districts, did not distinctly state how the money would be used.
4. Whether the challenged appropriations violated amendment fourteen's prohibition on special or local legislation.

HOLDINGS

1. A taxpayer has standing to challenge the allegedly illegal expenditure of public funds when the taxpayer is a citizen and has contributed tax money to the general treasury; the taxpayer need not trace an individual tax payment to the challenged expenditure or show a significant tax contribution.
2. The action was not moot because Central Arkansas Planning and Development District still possessed unexpended challenged funds, and taxpayers could obtain repayment of funds still in its possession if the appropriations were unconstitutional. Even if the claims against the State defendants were otherwise moot, the substantial-public-interest exception justified review.
3. An appropriation stating that funds are for grants to planning and development districts does not distinctly state the purpose of the appropriation as required by article 5, section 29 of the Arkansas Constitution. The challenged acts were therefore facially unconstitutional.

KEY QUOTATIONS

> *"No money shall be drawn from the treasury except in pursuance of specific appropriations made by law, the purpose of which shall be distinctly stated in the bill, and the maximum amount which may be drawn shall be specified in dollars and cents; and no appropriations shall be for a longer period than two years."* (at 9)

> *"A "grant" to CAPDD is inadequate under article 5, § 29, just as an appropriation of "state assistance" or "state aid" was held to be unconstitutional in Wilson II."* (at 10)

FACTUAL BACKGROUND

The Arkansas General Assembly enacted eight 2015 acts appropriating General Improvement Fund money for grants to eight regional planning and development districts. Each act described the appropriation as being for grants to planning and development districts, with a total of $15 million appropriated to each district. The State disbursed $2,987,500 to Central Arkansas Planning and Development District, which had made $440,000 in grants but still held $2,547,804 in its account at the end of January 2016. Wilson, an Arkansas taxpayer, alleged that the appropriations violated the Arkansas Constitution's distinct-purpose requirement and prohibition on special or local legislation.

PROCEDURAL HISTORY

Wilson filed an illegal-exaction complaint in the Pulaski County Circuit Court on February 12, 2016, and later amended it to add an alleged violation of Arkansas Code Annotated section 14-166-205. After the circuit court denied temporary injunctive relief, the parties filed cross-motions for summary judgment. The circuit court found that Wilson had standing, that the requested declaratory and injunctive relief was not moot, and granted summary judgment to the defendants on the merits. The Supreme Court of Arkansas reversed and remanded on the direct appeal and affirmed on the cross-appeal.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The case was remanded after the court held the challenged acts facially unconstitutional under article 5, section 29. The majority did not reach the amendment-fourteen issue.

CASES CITED

- Wilson v. Weiss, 368 Ark. 300, 245 S.W.3d 144 (2006)
- Wilson v. Weiss, 370 Ark. 205, 258 S.W.3d 351 (2007)
- Brewer v. Carter, 365 Ark. 531, 231 S.W.3d 707 (2006)
- Bowerman v. Takeda Pharm. U.S.A., 2014 Ark. 388, 442 S.W.3d 839
- Ghegan & Ghegan, Inc. v. Weiss, 338 Ark. 9, 991 S.W.2d 536 (1999)
- McCafferty v. Oxford American Literary Project, Inc., 2016 Ark. 75, 484 S.W.3d 662
- Honeycutt v. Foster, 371 Ark. 545, 268 S.W.3d 875 (2007)
- Shipp v. Franklin, 370 Ark. 262, 258 S.W.3d 744 (2007)
- White v. Arkansas Capital Corp./Diamond State Ventures, 365 Ark. 200, 226 S.W.3d 825 (2006)
- Washington County v. Board of Trustees of the University of Arkansas, 2016 Ark. 34, 480 S.W.3d 173 (2016)
- State v. Cassell, 2013 Ark. 221, 427 S.W.3d 663 (2013)
- Martin v. Kohls, 2014 Ark. 427, 444 S.W.3d 844 (2014)
- Arkansas Game & Fish Commission v. Page, 192 Ark. 732, 94 S.W.2d 107 (1936)
- Arkansas Department of Human Services v. Cole, 2011 Ark. 145, 380 S.W.3d 429 (2011)