SUPREME COURT OF ALABAMA

Riley v. Pate

3 So. 3d 835 (Ala. 2008) · No. 1071003 · Decided July 3, 2008

SUMMARY

The Supreme Court of Alabama held that Luther S. Pate lacked standing, either as a taxpayer or as a beneficiary, to challenge the allocation of interest from an Exxon Mobil judgment between the Alabama Trust Fund and the state general fund. Because the trial court lacked subject-matter jurisdiction, the court vacated the preliminary injunction, dismissed the action, and dismissed the appeal. A special concurrence discussed possible settlor standing and the failure to name all indispensable trustees.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Woodall, Justice; Cobb, Chief Justice; Lyons, Justice; Stuart, Justice; Smith, Justice; Parker, Justice; Murdock, Justice; Bolin, Justice; See, Justice
JURISDICTION	Alabama
DECIDED	July 3, 2008
DOCKET	1071003
DISPOSITION	other
PROCEDURAL POSTURE	State officials appealed from a preliminary injunction requiring them to transfer money from the Alabama general fund into the Alabama Trust Fund. The Supreme Court of Alabama held that the plaintiff lacked standing, vacated the preliminary injunction, dismissed the underlying action, and dismissed the appeal.
STANDARD OF REVIEW	The opinion does not expressly identify a separate standard of review; it treated standing as a threshold subject-matter-jurisdiction issue.
PRECEDENTIAL VALUE	Published precedential decision of the Supreme Court of Alabama; majority opinion with a special concurrence and concurrence in the result.
PARTIES	Bob Riley, Kay Ivey, James Allen Main, Robert L. Childree v. Luther S. Pate IV

TOPICS

standing · subject matter jurisdiction · injunctions · appellate jurisdiction · trusts

PRACTICE AREAS

Civil procedure · Constitutional law · Trusts and estates · Appellate procedure · Equitable remedies

QUESTIONS PRESENTED

1. Whether Pate had taxpayer standing to challenge the officials' deposit of interest from the Exxon judgment into the general fund.
2. Whether Pate had standing as an intended beneficiary or potential beneficiary of the Alabama Trust Fund.
3. Whether the circuit court's preliminary injunction could support an appeal when the action was initiated by a party lacking standing and therefore subject-matter jurisdiction.

HOLDINGS

1. Pate lacked taxpayer standing because the Alabama Trust Fund receives no tax revenue and taxpayers were not liable to replenish any shortfall in the Fund.
2. Pate lacked beneficiary standing because his interest as an Alabama citizen was no greater than the interest of the large class of citizens who might benefit from Trust Fund expenditures, and he alleged no actual or imminent, particularized, concrete, and palpable injury or sufficient special interest in enforcement of the trust.
3. When a party without standing commences an action, the trial court acquires no subject-matter jurisdiction; orders entered without subject-matter jurisdiction are void and cannot support an appeal.

KEY QUOTATIONS

> *"When a party without standing purports to commence an action, the trial court acquires no subject-matter jurisdiction."* (3 So. 3d at 838)

> *"However, recent decisions have emphasized that "it is the liability to replenish public funds that gives a taxpayer standing to sue.""* (3 So. 3d at 838)

> *"However, "mere potential beneficiaries, whose interest is no greater than the interest of all the other members of a large class of potential beneficiaries of a charitable trust, have no standing to maintain an action for the enforcement of the trust.""* (3 So. 3d at 839)

> *"Although Pate may be a member of the community to be benefited by the Trust Fund, he cannot demonstrate a "sufficient special interest in [its] enforcement [to entitle him] to institute a suit as to that trust.""* (3 So. 3d at 840)

FACTUAL BACKGROUND

After Exxon Mobil paid a $121,511,231 judgment arising from underpaid offshore oil and gas royalties, state officials deposited the compensatory-damages portion into the Alabama Trust Fund and the interest portion into the general fund. Pate, an Alabama citizen and taxpayer, challenged that allocation and sought an order requiring transfer of the interest into the Trust Fund. The Trust Fund is funded by offshore oil and gas royalties rather than tax revenue, and Pate alleged no injury distinct from that shared by other Alabama citizens.

PROCEDURAL HISTORY

Pate filed a declaratory-judgment, injunctive-relief, and mandamus action in the Montgomery Circuit Court challenging the officials' deposit of interest from an Exxon Mobil judgment into the general fund rather than the Alabama Trust Fund. The circuit court granted Pate's motion for a preliminary injunction without addressing standing. The officials timely appealed.

DISPOSITION

other

CASES CITED

- Exxon Mobil Corp. v. Alabama Department of Conservation & Natural Resources, 986 So. 2d 1093 (Ala. 2007)
- State v. Property at 2018 Rainbow Drive, 740 So. 2d 1025 (Ala. 1999)
- Gallagher Bassett Servs., Inc. v. Phillips, 991 So. 2d 697 (Ala. 2008)
- Carey v. Howard, 950 So. 2d 1131 (Ala. 2006)
- Ex parte Richardson, 957 So. 2d 1119 (Ala. 2006)
- Town of Cedar Bluff v. Citizens Caring for Children, 904 So. 2d 1253 (Ala. 2004)
- Hunt v. Windom, 604 So. 2d 395 (Ala. 1992)
- Zeigler v. Baker, 344 So. 2d 761 (Ala. 1977)
- Jordan v. Siegelman, 949 So. 2d 887 (Ala. 2006)
- Broxton v. Siegelman, 861 So. 2d 376 (Ala. 2003)
- Neal v. Neal, 856 So. 2d 766 (Ala. 2003)
- Rhone v. Adams, 986 So. 2d 374 (Ala. 2007)
- Jones v. Grant, 344 So. 2d 1210 (Ala. 1977)
- Hicks v. Dowd, 157 P.3d 914 (Wyo. 2007)
- In re Clement Trust, 679 N.W.2d 31 (Iowa 2004)
- Lee v. Bronner, 404 So. 2d 627 (Ala. 1981)
- Knutson v. Bronner, 721 So. 2d 678 (Ala. 1998)
- In Re Opinion of the Justices, 252 Ala. 89, 39 So. 2d 665 (Ala. 1949)
- Gafford v. Pemberton, 409 So. 2d 1367 (Ala. 1982)