SUPREME COURT OF WASHINGTON

Larson v. Seattle Popular Monorail Authority

131 P.3d 892 (Wash. 2006) · Decided May 24, 2006

SUMMARY

The Washington Supreme Court upheld the Seattle Popular Monorail Authority's authority to impose a motor vehicle excise tax on Seattle residents. The court held that legislative taxing authority was constitutionally delegated, the tax was an excise tax rather than a property tax, the Authority had jurisdiction to impose it, and the tax was imposed consistently with voter-approved legislation. The court affirmed the trial court's summary judgment for the respondents.

CASE DETAILS

COURT	Supreme Court of Washington
WRITING FOR THE COURT	Madsen, J.; Alexander, C.J.; C. Johnson, J.; Bridge, J.; Chambers, J.; Owens, J.; Fairhurst, J.; J.M. Johnson, J.; Sanders, J.
JURISDICTION	Washington
DECIDED	May 24, 2006
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from a King County Superior Court order granting respondents' summary judgment motion, dismissing appellants' claims challenging the creation of the Seattle Popular Monorail Authority and its motor vehicle excise tax, and denying appellants' motion for a preliminary injunction.
STANDARD OF REVIEW	Summary judgment is reviewed de novo. A party challenging a statute's constitutionality bears the heavy burden of establishing that there is no reasonable doubt the statute violates the constitution.
PRECEDENTIAL VALUE	published precedential Washington Supreme Court opinion decided en banc
PARTIES	A.H. Larson, Terrance Scott Wean, Lisa G. Olsen, John Speirs, Kenneth H. Torp, Arthur L. Wahl, B.L. Fox, Peter H. Nickerson, all others similarly situated v. Seattle Popular Monorail Authority, Washington State Department of Licensing, Fred Stephens, its director

TOPICS

tax | municipal law | constitutional law | tax collection | administrative law

PRACTICE AREAS

constitutional law | tax law | municipal law | administrative law

QUESTIONS PRESENTED

1. Whether the Washington Constitution permits the legislature to delegate local taxing authority to the Seattle Popular Monorail Authority despite the authority's governing board including appointed, nonelected members.
2. Whether the motor vehicle excise tax is an excise tax rather than an unlawful property tax.
3. Whether the Seattle Popular Monorail Authority has sufficient territorial jurisdiction and nexus to impose the motor vehicle excise tax.
4. Whether the motor vehicle excise tax is imposed consistently with the voter-approved petition and chapter 35.95A RCW, including the treatment of newly purchased vehicles and the Department of Licensing's valuation schedule.

HOLDINGS

1. The Washington Constitution permits the legislature to delegate local taxing authority to a municipal corporation, including one governed in part by appointed members, when the legislature establishes standards or guidelines and procedural safeguards control arbitrary or abusive administrative action. The delegation to the Seattle Popular Monorail Authority was constitutional.
2. The motor vehicle excise tax is an excise tax and not a property tax.
3. The Seattle Popular Monorail Authority has jurisdiction to impose the motor vehicle excise tax because the taxable event occurs within its taxing district and there is a sufficient nexus between the taxable event and the authority.
4. The motor vehicle excise tax is imposed consistently with the voter-approved petition and chapter 35.95A RCW. Exempting newly purchased vehicles until their first relicensing and using the Department of Licensing's statutory depreciation schedule are lawful.

KEY QUOTATIONS

> *"First, the legislature must provide standards or guidelines which define in general terms what is to be done and identifies the entity which is to accomplish it. Second, procedural safeguards must exist to control arbitrary administrative action and any administrative abuse of discretionary power."* (897)

> *"Accordingly, we hold that the MVET is imposed consistent with the petition and chapter 35.95A RCW."* (899)

FACTUAL BACKGROUND

The Seattle Popular Monorail Authority was formed in 2002 under chapter 35.95A RCW after Seattle voters approved its creation, governing-body selection process, and authority to levy a motor vehicle excise tax. The authority initially imposed the tax at 0.85 percent of assessed vehicle value and later imposed the voter-approved rate of 1.4 percent, with collection handled by the Department of Licensing during vehicle relicensing. The appellants, Seattle residents and vehicle owners, challenged the tax and the authority's formation, delegation of taxing power, jurisdiction, classification of the tax, and valuation methodology.

PROCEDURAL HISTORY

Eight Seattle vehicle owners filed a putative class action in King County Superior Court challenging the monorail authority and its motor vehicle excise tax on constitutional and statutory grounds. The respondents moved for summary judgment, and the appellants cross-moved for summary judgment and sought a preliminary injunction barring the Department of Licensing from remitting tax payments to the authority. The trial court granted respondents' motion, dismissed all claims, and denied injunctive relief; the Washington Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Sheehan v. Central Puget Sound Regional Transit Authority, 155 Wash. 2d 790, 123 P.3d 88 (2005)
- Amalgamated Transit Union Local 587 v. State, 142 Wash. 2d 183, 11 P.3d 762 (2000)
- Hemphill v. Tax Commission, 65 Wash. 2d 889, 400 P.2d 297 (1965)
- Washington Water Jet Workers Association v. Yarbrough, 151 Wash. 2d 470, 477, 90 P.3d 42 (2004)
- Granite Falls Library Capital Facility Area v. Taxpayers of Granite Falls Library Capital Facility Area, 134 Wash. 2d 825, 953 P.2d 1150 (1998)
- King County Water District No. 54 v. King County Boundary Review Board, 87 Wash. 2d 536, 545, 554 P.2d 1060 (1976)
- King County v. Taxpayers of King County, 133 Wash. 2d 584, 949 P.2d 1260 (1997)
- Burba v. City of Vancouver, 113 Wash. 2d 800, 783 P.2d 1056 (1989)
- Robison v. Dwyer, 58 Wash. 2d 576, 364 P.2d 521 (1961)
- Barry & Barry, Inc. v. Department of Motor Vehicles, 81 Wash. 2d 155, 159, 500 P.2d 540 (1972)
- State ex rel. Tax Commission v. Redd, 166 Wash. 132, 6 P.2d 619 (1932)
- Dravo Corp. v. City of Tacoma, 80 Wash. 2d 590, 496 P.2d 504 (1972)
- Greyhound Lines, Inc. v. City of Tacoma, 81 Wash. 2d 525, 503 P.2d 117 (1972)
- Sane Transit v. Sound Transit, 151 Wash. 2d 60, 68, 85 P.3d 346 (2004)
- Brower v. State, 137 Wash. 2d 44, 54, 969 P.2d 42 (1998)