The Supreme Court - February 20, 2019

Related Capabilities

- Appellate
- Tax Controversy & Litigation

The Supreme Court of the United States issued two decisions this morning:

Dawson v. Steager, No. 17-419: Petitioner James Dawson is a West Virginia resident who retired from the U.S. Marshals Service. West Virginia law exempts from state taxation the pension benefits of certain former state law enforcement employees, but does not afford the same exemption to former federal employees. Dawson brought suit alleging that the West Virginia statute violated the inter-governmental tax immunity doctrine codified at 4 U.S.C. §111, under which the United States has only consented to state taxation if the "taxation does not discriminate against the officer or employee because of the source of the pay or compensation." The West Virginia trial court found that there were no significant differences between Dawson's powers and duties as a U.S. Marshall and those of the state and local law enforcement officers West Virginia exempted, and that the West Virginia law was prohibited under §111. The West Virginia Supreme Court of Appeals reversed, stressing that few state employees receive the tax break and that its intent was not to harm federal retirees. Today, the Court unanimously reversed, holding that a State violates §111 when it treats retired state employees more favorably than retired federal employees and no significant differences between the two classes justify the differential treatment.

The Court's decision is available here.

Timbs v. Indiana, No. 17-1091: Petitioner Tyson Timbs pleaded guilty in Indiana state court to dealing in a controlled substance and conspiracy to commit theft. The State also brought a suit for forfeiture of Timbs's Land Rover, claiming it had been used to transport heroin. The trial court denied the request, finding that because Timbs had purchased the vehicle for $42,000 – more than four times the maximum $10,000 fine assessable against him for the drug conviction – forfeiture would be grossly disproportionate and unconstitutional under the Eighth Amendment's Excessive Fines Clause. The Court of Appeals affirmed, but the Indiana Supreme Court reversed, holding that the Excessive Fines Clause only applied to federal, and not state impositions. The Court today vacated and remanded, holding that the Excessive Fines Clause is an incorporated protection applicable to the States by the Due Process Clause of the Fourteenth Amendment.

The Court's decision is available here.