Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

FRANCHISE TAX BOARD OF CALIFORNIA *v.* HYATT

CERTIORARI TO THE SUPREME COURT OF NEVADA

No. 17–1299. Argued January 9, 2019—Decided May 13, 2019

Respondent Hyatt sued petitioner Franchise Tax Board of California (Board) in Nevada state court for alleged torts committed during a tax audit. The Nevada Supreme Court rejected the Board's argument that the Full Faith and Credit Clause required Nevada courts to apply California law and immunize the Board from liability. The court held instead that general principles of comity entitled the Board only to the same immunity that Nevada law afforded Nevada agencies. This Court affirmed, holding that the Full Faith and Credit Clause did not prohibit Nevada from applying its own immunity law. On remand, the Nevada Supreme Court declined to apply a cap on tort liability applicable to Nevada state agencies. This Court reversed, holding that the Full Faith and Credit Clause required Nevada courts to grant the Board the same immunity that Nevada agencies enjoy. The Court was equally divided, however, on whether to overrule *Nevada* v. *Hall*, 440 U. S. 410, which held that the Constitution does not bar suits brought by an individual against a State in the courts of another State. On remand, the Nevada Supreme Court instructed the trial court to enter damages in accordance with Nevada's statutory cap. The Board sought certiorari a third time, raising only the question whether *Nevada* v. *Hall* should be overruled.

Held: *Nevada* v. *Hall* is overruled; States retain their sovereign immunity from private suits brought in courts of other States. Pp. 4–18.

(a) The *Hall* majority held that nothing "implicit in the Constitution" requires States to adhere to the sovereign immunity that prevailed at the time of the founding. 440 U. S., at 417–418, 424–427. The Court concluded that the Founders assumed that "prevailing notions of comity would provide adequate protection against the unlikely prospect of an attempt by the courts of one State to assert jurisdiction over another." *Id.*, at 419. The Court's view rested primarily on

the idea that the States maintained sovereign immunity vis-à-vis each other in the same way that foreign nations do. Pp. 4–5.

(b) *Hall*'s determination misreads the historical record and misapprehends the constitutional design created by the Framers. Although the Constitution assumes that the States retain their sovereign immunity except as otherwise provided, it also fundamentally adjusts the States' relationship with each other and curtails the States' ability, as sovereigns, to decline to recognize each other's immunity in their own courts. Pp. 5–16.

(1) At the time of the founding, it was well settled that States were immune from suit both under the common law and under the law of nations. The States retained these aspects of sovereignty, "except as altered by the plan of the Convention or certain constitutional Amendments." *Alden* v. *Maine*, 527 U. S. 706, 713. Pp. 6–9.

(2) Article III abrogated certain aspects of the States' traditional immunity by providing a neutral federal forum in which the States agreed to be amenable to suits brought by other States. And in ratifying the Constitution, the States similarly surrendered a portion of their immunity by consenting to suits brought against them by the United States in federal courts. When this Court held in *Chisholm* v. *Georgia*, 2 Dall. 419, that Article III extended the federal judicial power over controversies between a State and citizens of another State, Congress and the States acted swiftly to draft and ratify the Eleventh Amendment, which confirms that the Constitution was not meant to "rais[e] up" any suits against the States that were "anomalous and unheard of when the Constitution was adopted," *Hans* v. *Louisiana*, 134 U. S. 1, 18. The "natural inference" from the Amendment's speedy adoption is that "the Constitution was understood, in light of its history and structure, to preserve the States' traditional immunity from private suits." *Alden, supra*, at 723–724. This view of the States' sovereign immunity accorded with the understanding of the Constitution by its leading advocates, including Hamilton, Madison, and Marshall, when it was ratified. Pp. 9–12.

(3) State sovereign immunity in another State's courts is integral to the structure of the Constitution. The problem with Hyatt's argument—that interstate sovereign immunity exists only as a matter of comity and can be disregarded by the forum State—is that the Constitution affirmatively altered the relationships between the States so that they no longer relate to each other as true foreign sovereigns. Numerous provisions reflect this reality. Article I divests the States of the traditional diplomatic and military tools that foreign sovereigns possess. And Article IV imposes duties on the States not required by international law. The Constitution also reflects alterations to the States' relationships with each other, confirming that

Syllabus

they are no longer fully independent nations free to disregard each other's sovereignty. See *New Hampshire* v. *Louisiana*, 108 U. S. 76, 90. Hyatt's argument is precisely the type of "ahistorical literalism" this Court has rejected when "interpreting the scope of the States' sovereign immunity since the discredited decision in *Chisholm*." *Alden, supra*, at 730. Moreover, his argument proves too much. Many constitutional doctrines not spelled out in the Constitution are nevertheless implicit in its structure and supported by historical practice, *e.g.*, judicial review, *Marbury* v. *Madison*, 1 Cranch 137, 176–180. Pp. 12–16.

(c) *Stare decisis* is "'not an inexorable command,'" *Pearson* v. *Callahan*, 555 U. S. 223, 233, and is "at its weakest" when interpreting the Constitution, *Agostini* v. *Felton*, 521 U. S. 203, 235. The Court's precedents identify, as relevant here, four factors to consider: the quality of the decision's reasoning, its consistency with related decisions, legal developments since the decision, and reliance on the decision. See *Janus* v. *State, County, and Municipal Employees*, 585 U. S. ___, ___–___. The first three factors support overruling *Hall*. As to the fourth, case-specific reliance interests are not sufficient to persuade this Court to adhere to an incorrect resolution of an important constitutional question. Pp. 16–17.

133 Nev. ___, 407 P. 3d 717, reversed and remanded.

THOMAS, J., delivered the opinion of the Court, in which ROBERTS, C. J., and ALITO, GORSUCH, and KAVANAUGH, JJ., joined. BREYER, J., filed a dissenting opinion, in which GINSBURG, SOTOMAYOR, and KAGAN, JJ., joined.

SUPREME COURT OF THE UNITED STATES

No. 17–1299

FRANCHISE TAX BOARD OF CALIFORNIA, PETITIONER *v.* GILBERT P. HYATT

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF NEVADA

[May 13, 2019]

JUSTICE THOMAS delivered the opinion of the Court.

This case, now before us for the third time, requires us to decide whether the Constitution permits a State to be sued by a private party without its consent in the courts of a different State. We hold that it does not and overrule our decision to the contrary in *Nevada* v. *Hall*, 440 U. S. 410 (1979).

I

In the early 1990s, respondent Gilbert Hyatt earned substantial income from a technology patent for a computer formed on a single integrated circuit chip. Although Hyatt's claim was later canceled, see *Hyatt* v. *Boone*, 146 F. 3d 1348 (CA Fed. 1998), his royalties in the interim totaled millions of dollars. Prior to receiving the patent, Hyatt had been a long-time resident of California. But in 1991, Hyatt sold his house in California and rented an apartment, registered to vote, obtained insurance, opened a bank account, and acquired a driver's license in Nevada. When he filed his 1991 and 1992 tax returns, he claimed Nevada—which collects no personal income tax, see Nev. Const., Art. 10, §1(9)—as his primary place of residence.

Petitioner Franchise Tax Board of California (Board), the state agency responsible for assessing personal income tax, suspected that Hyatt's move was a sham. Thus, in 1993, the Board launched an audit to determine whether Hyatt underpaid his 1991 and 1992 state income taxes by misrepresenting his residency. In the course of the audit, employees of the Board traveled to Nevada to conduct interviews with Hyatt's estranged family members and shared his personal information with business contacts. In total, the Board sent more than 100 letters and demands for information to third parties. The Board ultimately concluded that Hyatt had not moved to Nevada until April 1992 and owed California more than $10 million in back taxes, interest, and penalties. Hyatt protested the audit before the Board, which upheld the audit after an 11-year administrative proceeding. The appeal of that decision remains pending before the California Office of Tax Appeals.

In 1998, Hyatt sued the Board in Nevada state court for torts he alleged the agency committed during the audit. After the trial court denied in part the Board's motion for summary judgment, the Board petitioned the Nevada Supreme Court for a writ of mandamus ordering dismissal on the ground that the State of California was immune from suit. The Board argued that, under the Full Faith and Credit Clause, Nevada courts must apply California's statute immunizing the Board from liability for all injuries caused by its tax collection. See U. S. Const., Art. IV, §1; Cal. Govt. Code Ann. §860.2 (West 1995). The Nevada Supreme Court rejected that argument and held that, under general principles of comity, the Board was entitled to the same immunity that Nevada law afforded Nevada agencies—that is, immunity for negligent but not intentional torts. We granted certiorari and unanimously affirmed, holding that the Full Faith and Credit Clause did not prohibit Nevada from applying its own immunity

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