

Heald Vs. District of Columbia

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Court : US Supreme Court

Decided On : May-15-1922

Appeal No. : 259 U.S. 114

Appellant : Heald

Respondent : District of Columbia

Judgement :

Heald v. District of Columbia - 259 U.S. 114 (1922)

U.S. Supreme Court Heald v. District of Columbia, 259 U.S. 114 (1922)

Heald v. District of Columbia

No. 268

Argued April 13, 1922

Decided May 15, 1922

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ERROR TO THE COURT OF APPEALS

OF THE DISTRICT OF COLUMBIA

SYLLABUS

1. The objections that the act of Congress taxing the intangible property of persons resident or engaged in business in the District of Columbia (c. 160, 9, 39 Stat. 1046) is unconstitutional because of its alleged application to intangible property, credits, etc., of nonresidents and to state and municipal bonds cannot be raised by persons who are residents and whose property taxed is within the District and does not include such bonds. P. [259 U. S. 122](#) .

2. Whether a clause of this act respecting the exemption of the stock of certain companies from the tax is void for uncertainty *held* not open for decision in a suit where it was not shown that any tax was levied on the basis of it or that it subjected the plaintiff to injury or embarrassment. P. [259 U. S. 123](#) .

3. Congress has power to tax residents of the District of Columbia for support of the District government and to cause the money to be paid into the Treasury of the United States and held not as a separate fund for the District, but subject to the disposal of Congress, notwithstanding the fact that the persons taxed lack the suffrage and have politically no voice in the expenditure of the money. P. [259 U. S. 124](#) .

269 F. 1015, 50 App.D.C. 231, affirmed.

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Error to a judgment of the Court of Appeals of the District of Columbia affirming a judgment of the Supreme Court of the District for the defendant in an action to recover a tax. *See also* s.c. *Heald v. District of Columbia*, [254 U. S. 20](#) .

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MR. JUSTICE BRANDEIS delivered the opinion of the Court.

To aid in defraying the expenses of the District of Columbia, Congress laid a tax of three-tenths of one percent on the value of the intangible property of persons resident, or engaged in business, within the District. Act of March 3, 1917, c. 160, § 9, 39 Stat. 1004, 1046. This tax was assessed upon such property held by Heald and others, as committee of Peters, an insane person. They and their ward were residents of the District; the property was located there, and none of it consisted of municipal bonds or was otherwise of a character exempt by law from taxation. The committee, asserting that the taxing act violated the federal Constitution, paid the tax under protest and brought this action in the Supreme Court of the District to recover the amount so paid. Judgment was there entered for the defendant. The case was then taken to the Court of Appeals of the District, which sought by certificate to obtain from this Court instructions as to the constitutionality of the act. The certificate was dismissed for want of jurisdiction. *Heald v. District of Columbia*, [254 U. S. 20](#) . Thereupon the case was heard in the Court of Appeals, and it affirmed the judgment of the lower court. 50 App.D.C. 231, 269 F. 1015. The case is now here on writ of error. Peters having died, his executors, of whom Heald is the survivor, were substituted as plaintiffs in error.

Plaintiff contends that the act is void: (a) because it requires every nonresident of the District who engages in business therein to pay a tax on all his intangible property wherever situated or from whatever source derived; (b) because it requires a nonresident engaged in business within the District to pay a tax on all his credits or choses in action, whether due from residents or nonresidents, including those which have not been reduced to concrete form; (c) because it taxes bonds of states and their municipalities. The District insists that such is not the

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correct construction of the act, that it has not in fact been so construed or applied by the taxing officials, and that, even if it had been, the whole act would not thereby be rendered void, as these provisions are clearly severable from the rest of the act. Compare *Hatch v. Reardon*, [204 U. S. 152](#) , [204 U. S. 161](#) ; *Ratterman v. Western Union Telegraph Co.*, [127 U. S. 411](#) ; *Texas Co. v. Brown*,

[258 U. S. 466](#) . But these objections, even if otherwise well founded, would not entitle plaintiff to challenge the validity of the tax. The property taxed is located within the District; those who hold it and the owner are residents, and there is no state or municipal bond among the property taxed. It has been repeatedly held that one who would strike down a state statute as violative of the federal Constitution must show that he is within the class of persons with respect to whom the act is unconstitutional, and that the alleged unconstitutional feature injures him. [[Footnote 1](#)] In no case has it been held that a different rule applies where the statute assailed is an act of Congress, nor has any good reason been suggested why it should be so held. *Compare United States v. Chandler-Dunbar Co.*, [229 U. S. 53](#) , [229 U. S. 73](#) ; *Straus v. Foxworth*, [231 U. S. 162](#) , [231 U. S. 171](#) ; *Fairchild v. Hughes*, [258 U. S. 126](#) .

Then it is contended that one clause of the act is void because, in enumerating classes of property exempt from the tax on intangibles, it recites "the shares of stock of business companies which by reason of or in addition to incorporation receive no special franchise or privilege." The argument is that the meaning and application of this clause is so uncertain that the taxpayer is left without a guide in making his return. We have no occasion to inquire into the meaning or effect of this provision or

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whether it is open to the criticism leveled against it, for this plaintiff would likewise not be entitled to raise this objection, even if well founded, since it is not shown that any tax was levied on the basis of this clause or that it has subjected plaintiff either to injury or to embarrassment.

Finally, it is earnestly contended that the act is void because it subjects the residents of the District to taxation without representation. Residents of the District lack the suffrage, and have politically no voice in the expenditure of the money raised by taxation. Money so raised is paid into the Treasury of the United States, where it is held not as a separate fund for the District, but subject to the disposal of Congress, like other revenues raised by federal taxation. The objection that the tax

is void because of these facts is fundamental and comprehensive. It is not limited in application to the tax on intangibles, but goes to the validity of all taxation of residents of the District. If sound, it would seem to apply not only to taxes levied upon residents of the District for the support of the government of the District, but also to those taxes which are levied upon them for the support generally of the government of the United States. It is sufficient to say that the objection is not sound. There is no constitutional provision which so limits the power of Congress that taxes can be imposed only upon those who have political representation. And the cases are many in which laws levying taxes for the support of the government of the District have been enforced during the period in which its residents have been without the right of suffrage. [[Footnote 2](#)]

Affirmed.

[[Footnote 1](#)]

Albany County v. Stanley, [105 U. S. 305](#) , [105 U. S. 311](#) ; *Hatch v. Reardon*, [204 U. S. 152](#) , [204 U. S. 160](#) ; *Citizens' National Bank v. Kentucky*, [217 U. S. 443](#) , [217 U. S. 453](#) ; *Plymouth Coal Co. v. Pennsylvania*, [232 U. S. 531](#) , [232 U. S. 544](#) ; *Thomas Cusack Co. v. City of Chicago*, [242 U. S. 526](#) , [242 U. S. 530](#) ; *Arkadelphia Co. v. St. Louis Southwestern Ry. Co.*, [249 U. S. 134](#) , [249 U. S. 149](#) .

[[Footnote 2](#)]

Compare Gibbons v. District of Columbia, [116 U. S. 404](#) ; *Metropolitan Railroad Co. v. District of Columbia*, [132 U. S. 1](#) , [132 U. S. 8](#) ; *Shoemaker v. United States*, [147 U. S. 282](#) ; *Bauman v. Ross*, [167 U. S. 548](#) ; *Wilson v. Lambert*, [168 U. S. 611](#) ; *Parsons v. District of Columbia*, [170 U. S. 45](#) , [170 U. S. 50](#) ; *District of Columbia v. Brooke*, [214 U. S. 138](#) .