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

DAIMLERCHRYSLER CORP. ET AL. *v.* CUNO ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

No. 04–1704. Argued March 1, 2006—Decided May 15, 2006*

The city of Toledo and State of Ohio sought to encourage DaimlerChrysler Corp. to expand its Toledo operations by offering it local property tax exemptions and a state franchise tax credit. A group of plaintiffs including Toledo residents who pay state and local taxes sued in state court, alleging that the tax breaks violated the Commerce Clause. The taxpayer plaintiffs claimed injury because the tax breaks depleted the state and local treasuries to which they contributed. Defendants removed the action to District Court. Plaintiffs moved to remand to state court because, *inter alia,* they doubted whether they satisfied either the constitutional or prudential limitations on standing in federal court. The District Court declined to remand the case, concluding that plaintiffs had standing under the "municipal taxpayer standing" rule articulated in *Massachusetts* v. *Mellon,* 262 U. S. 447. On the merits, the court found that neither tax benefit violated the Commerce Clause. Without addressing standing, the Sixth Circuit agreed as to the municipal tax exemption, but held that the state franchise tax credit violated the Commerce Clause. Defendants sought certiorari to review the invalidation of the franchise tax credit, and plaintiffs sought certiorari to review the upholding of the property tax exemption. This Court granted review to consider whether the franchise tax credit violates the Commerce Clause, and directed the parties to address the issue of standing.

Held: Plaintiffs have not established their standing to challenge the state franchise tax credit. Because they have no standing to challenge that credit, the lower courts erred by considering their claims

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*Together with No. 04–1724, *Wilkins, Tax Commissioner for State of Ohio, et al.* v. *Cuno et al.,* also on certiorari to the same court.

on the merits. Pp. 4–18.

1. State taxpayers have no standing under Article III to challenge state tax or spending decisions simply by virtue of their status as taxpayers. Pp. 4–13.

(a) Before this Court can address the merits of plaintiffs' challenge, it has an obligation to assure itself that the merits question is presented in a proper Article III "case" or "controversy." *Lujan* v. *Defenders of Wildlife,* 504 U. S. 555, 560. The case-or-controversy limitation is crucial in maintaining the " 'tripartite allocation of power' " set forth in the Constitution. *Valley Forge Christian College* v. *Americans United for Separation of Church and State, Inc.,* 454 U. S. 464, 474. "Article III standing . . . enforces the . . . case-or-controversy requirement." *Elk Grove Unified School Dist.* v. *Newdow,* 542 U. S. 1, 11. The requisite elements of standing are familiar: "A plaintiff must allege personal injury fairly traceable to the defendant's allegedly unlawful conduct and likely to be redressed by the requested relief." *Allen* v. *Wright,* 468 U. S. 737, 751. Plaintiffs, as the parties now asserting federal jurisdiction, must carry the burden of establishing their standing. Pp. 4–6.

(b) Plaintiffs' principal claim that the franchise tax credit depletes state funds to which they contribute through their taxes, and thus diminishes the total funds available for lawful uses and imposes disproportionate burdens on them, is insufficient to establish standing under Article III. This Court has denied *federal* taxpayers standing under Article III to object to a particular expenditure of federal funds simply because they are taxpayers. See, *e.g., Valley Forge Christian College, supra,* at 476–482. The animating principle behind cases such as *Valley Forge* was announced in *Frothingham* v. *Mellon,* decided with *Massachusetts* v. *Mellon*, 262 U. S. 447, in which the Court observed that a federal taxpayer's "interest in the moneys of the Treasury . . . is shared with millions of others; is comparatively minute and indeterminable; and the effect upon future taxation, of any payment out of the funds, so remote, fluctuating and uncertain, that no basis is afforded for an appeal to the preventive powers of a court of equity." *Id.,* at 486–487. This rationale applies with undiminished force to state taxpayers who allege simply that a state fiscal decision will deplete the fisc and "impose disproportionate burdens on them." See *Doremus* v. *Board of Ed. of Hawthorne,* 342 U. S. 429, 433–434. Because state budgets frequently have an array of tax and spending provisions that may be challenged on a variety of bases, affording state taxpayers standing to press such challenges simply because their tax burden gives them an interest in the state treasury would interpose the federal courts as " 'virtually continuing monitors of the wisdom and soundness' " of state fiscal administration, con-

trary to the more modest role Article III envisions for federal courts. See *Allen, supra,* at 760–761. Pp. 7–11.

(c) Also rejected is plaintiffs' argument that they have state taxpayer standing on the ground that their Commerce Clause challenge is just like the Establishment Clause challenge this Court permitted in *Flast* v. *Cohen,* 392 U. S. 83, 105–106. *Flast* allowed an Establishment Clause challenge by federal taxpayers to a congressional action under Art. I, §8. Although *Flast* held out the possibility that "specific [constitutional] limitations" other than the Establishment Clause might support federal taxpayer standing, *id.,* at 105, 85, only the Establishment Clause has been held to do so since *Flast,* see, *e.g., Bowen* v. *Kendrick,* 487 U. S. 589, 618. Plaintiffs' reliance on *Flast* is misguided: Whatever rights plaintiffs have under the Commerce Clause, they are fundamentally unlike the right not to contribute even "three pence" to support a religious establishment that was upheld in *Flast,* 392 U. S., at 103. Indeed, plaintiffs compare the two Clauses at such a high level of generality that almost any constitutional constraint on government power could be likened to the Establishment Clause as interpreted in *Flast*. *Id.,* at 105. And a finding that the Commerce Clause satisfies the *Flast* test because it often implicates governments' fiscal decisions would leave no principled way of distinguishing other constitutional provisions that also constrain governments' taxing and spending decisions. See, *e.g., Arkansas Writers' Project, Inc.* v. *Ragland,* 481 U. S. 221. Yet such a broad application of *Flast*'s exception to the general prohibition on taxpayer standing would be at odds with *Flast*'s own promise that it would not transform federal courts into forums for taxpayers' "generalized grievances." 392 U. S., at 106. Pp. 11–13.

2. Plaintiffs' status as *municipal* taxpayers does not give them standing to challenge the *state* franchise tax credit at issue.

This Court has noted with approval the standing of municipal taxpayers to enjoin the illegal use of a municipal corporation's funds. See, *e.g., Frothingham, supra,* at 486–487. But plaintiffs' attempts to leverage the notion of municipal taxpayer standing into standing to challenge the state tax credit are unavailing. Pp. 13–18.

(a) Plaintiffs argue that because state law requires revenues from the franchise tax to be distributed to local governments, the award of a credit to DaimlerChrysler reduced such distributions and thus depleted the funds of local governments to which plaintiffs pay taxes. But plaintiffs' challenge is still to the state law and state decision, not those of plaintiffs' municipality. Their argument thus suffers from the same defects that the claim of state taxpayer standing exhibits. Pp. 14–15.

(b) Also rejected is plaintiffs' claim that their standing to chal-

lenge the municipal property tax exemption supports jurisdiction over their challenge to the franchise tax credit under the "supplemental jurisdiction" recognized in *Mine Workers* v. *Gibbs,* 383 U. S. 715. *Gibbs* held that federal-question jurisdiction over a claim may authorize a federal court to exercise jurisdiction over state-law claims that may be viewed as part of the same case because they "derive from a common nucleus of operative fact" as the federal claim. *Id.,* at 725. Plaintiffs assume that *Gibbs* stands for the proposition that federal jurisdiction extends to all claims sufficiently related to a claim within Article III to be part of the same case, regardless of the deficiency that would keep the former claims out of federal court if presented on their own. This Court's general approach to the application of *Gibbs* has been markedly more cautious. See, *e.g., Exxon Mobil Corp.* v. *Allapattah Services, Inc.,* 545 U. S. ___, ___. The Court has never applied *Gibbs*' rationale to permit a federal court to exercise supplemental jurisdiction over a claim that does not itself satisfy those elements of the Article III inquiry, such as constitutional standing, that "serv[e] to identify those disputes which are appropriately resolved through the judicial process." *Whitmore* v. *Arkansas,* 495 U. S. 149, 155. There is no reason to read *Gibbs'* language as broadly as plaintiffs urge, particularly since the Court's standing cases confirm that a plaintiff must demonstrate standing for each claim he seeks to press, see, *e.g., Allen, supra,* at 752. If standing were commutative, as plaintiffs claim, the Court's insistence that a plaintiff must demonstrate standing separately for each form of relief sought, see, *e.g., Friends of Earth, Inc.* v. *Laidlaw Environmental Services (TOC), Inc.,* 528 U. S. 167, 185, would make little sense when all claims for relief derive from a "common nucleus of operative fact," as they appear to have in cases like *Laidlaw*.

Such a reading of *Gibbs* would have remarkable implications. The doctrines of mootness, ripeness, and political question all originate in Article III's "case" or "controversy" language, no less than standing does. See, *e.g., National Park Hospitality Assn.* v. *Department of Interior,* 538 U. S. 803, 808. Yet if *Gibbs*' "common nucleus" formulation announced a new definition of "case" or "controversy" for all Article III purposes, a federal court would be free to entertain moot or unripe claims, or claims presenting a political question, if they "derived from" the same "operative fact[s]" as another federal claim suffering from none of these defects. Plaintiffs' reading of *Gibbs*, therefore, would amount to a significant revision of the Court's precedent interpreting Article III. With federal courts thus deciding issues they would not otherwise be authorized to decide, the " 'tripartite allocation of power' " that Article III is designed to maintain, *Valley Forge, supra*, at 474, would quickly erode, and the Court's emphasis on the

standing requirement's role in maintaining this separation would be rendered hollow rhetoric, see *Lewis* v. *Casey,* 518 U. S. 343, 357. Pp. 15–18.

386 F. 3d 738, vacated in part and remanded.

ROBERTS, C. J., delivered the opinion of the Court, in which STEVENS, SCALIA, KENNEDY, SOUTER, THOMAS, BREYER, and ALITO, JJ., joined. GINSBURG, J., filed an opinion concurring in part and concurring in the judgment.