

## 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  
ET AL.**

## CERTIORARI TO THE SUPREME COURT OF NEVADA

No. 02–42. Argued February 24, 2003—Decided April 23, 2003

Respondent’s “part-year” 1991 California income-tax return represented that he had ceased to be a California resident and had become a Nevada resident in October 1991, shortly before he received substantial licensing fees. Petitioner California Franchise Tax Board (CFTB) determined that he was a California resident until April 1992, and accordingly issued notices of proposed assessments for 1991 and 1992 and imposed substantial civil fraud penalties. Respondent filed suit against CFTB in a Nevada state court, alleging that CFTB had directed numerous contacts at Nevada and had committed negligence and intentional torts during the course of its audit of respondent. In its motion for summary judgment or dismissal, CFTB argued that the state court lacked subject matter jurisdiction because full faith and credit and other legal principles required that the court apply California law immunizing CFTB from suit. Upon denial of that motion, CFTB petitioned the Nevada Supreme Court for a writ of mandamus ordering dismissal. The latter court ultimately granted the petition in part and denied it in part, holding that the lower court should have declined to exercise its jurisdiction over the underlying negligence claim under comity principles, but that the intentional tort claims could proceed to trial. Among other things, the court noted that Nevada immunizes its state agencies from suits for discretionary acts but not for intentional torts committed within the course and scope of employment and held that affording CFTB statutory immunity with respect to intentional torts would contravene Nevada’s interest in protecting its citizens from injurious intentional torts and bad faith acts committed by sister States’ government employees.

*Held:* The Full Faith and Credit Clause, U. S. Const., Art. IV, §1, does not require Nevada to give full faith and credit to California’s stat-

## Syllabus

utes providing its tax agency with immunity from suit. The full faith and credit command “is exacting” with respect to a final judgment rendered by a court with adjudicatory authority over the subject matter and persons governed by the judgment, *Baker v. General Motors Corp.*, 522 U. S. 222, 233, but is less demanding with respect to choice of laws. The Clause does not compel a State to substitute the statutes of other States for its own statutes dealing with a subject matter concerning which it is competent to legislate. *E.g.*, *Sun Oil Co. v. Wortman*, 486 U. S. 717, 722. Nevada is undoubtedly competent to legislate with respect to the subject matter of the alleged intentional torts here, which, it is claimed, have injured one of its citizens within its borders. CFTB argues unpersuasively that this Court should adopt a “new rule” mandating that a state court extend full faith and credit to a sister State’s statutorily recaptured sovereign immunity from suit when a refusal to do so would interfere with the State’s capacity to fulfill its own sovereign responsibilities. The Court has, in the past, appraised and balanced state interests when invoking the Full Faith and Credit Clause to resolve conflicts between overlapping laws of coordinate States. See, *e.g.*, *Bradford Elec. Light Co. v. Clapper*, 286 U. S. 145. However, this balancing-of-interests approach quickly proved unsatisfactory and the Court abandoned it, *Allstate Ins. Co. v. Hague*, 449 U. S. 302, 308, n. 10, 322, n. 6, 339, n. 6, recognizing, instead, that it is frequently the case under the Clause that a court can lawfully apply either the law of one State or the contrary law of another, *Sun Oil Co. v. Wortman*, *supra*, at 727. The Court has already ruled that the Full Faith and Credit Clause does not require a forum State to apply a sister State’s sovereign immunity statutes where such application would violate the forum State’s own legitimate public policy. *Nevada v. Hall*, 440 U. S. 410, 424. There is no constitutionally significant distinction between the degree to which the allegedly tortious acts here and in *Hall* are related to a core sovereign function. States’ sovereignty interests are not foreign to the full faith and credit command, but the Court is not presented here with a case in which a State has exhibited a “policy of hostility to the public Acts” of a sister State. *Carroll v. Lanza*, 349 U. S. 408, 413. The Nevada Supreme Court sensitively applied comity principles with a healthy regard for California’s sovereign status, relying on the contours of Nevada’s own sovereign immunity from suit as a benchmark for its analysis. Pp. 5–11.

Affirmed.

O’CONNOR, J., delivered the opinion for a unanimous Court.