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<u>COA Opinion: Court of Claims does not have jurisdiction over Headlee</u> Amendment Claims

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On May 12, 2011, the Michigan Court of Appeals published its opinion in <u>City of Riverview v. State of Michigan</u>, No. 296431. The Court held that the Court of Claims lacks jurisdiction to hear Headlee Amendment cases.

The suit arose from certain new permit requirements for municipal storm sewer systems. Plaintiff City of Riverview ("Riverview") operates a storm sewer system affected by these requirements. Consequently, Riverview filed suit against the State of Michigan and the Michigan Department of Environmental Quality in the Court of Claims, seeking monetary and declaratory relief for violation of the Headlee Amendment. There are two types of Headlee Amendment claims: (1) where the State fails to maintain support for existing requirements or services, commonly called a maintenance-of-support claim ("MOS claim"); and (2) where the State fails to fund new requirements or services, commonly called a prohibition-on-unfunded-mandates claim ("POUM claim"). Riverview asserted both types of claims. The Court of Claims dismissed for lack of jurisdiction.

The Court of Appeals affirmed. The Court began by noting that Riverview conceded that the Court of Claims lacked jurisdiction over the POUM claim because POUM claims cannot include monetary damages. The Court next considered whether the Court of Claims had jurisdiction over the MOS claim. The Court held that the Court of Claims does not have jurisdiction over MOS claims for three reasons. First, monetary relief is "ancillary" in Headlee Amendment cases, and the Court of Claims is the forum "specially authorized to award damages against the state." Accordingly, the Court of Claims is not the "natural forum" for Headlee Amendment cases. Second, the legislative grant of jurisdiction to the Court of Claims specifically grants the Court of Claims jurisdiction over claims ex contractu (contract claims) and ex delicto (tort claims). A Headlee Amendment claim is neither. Third, the legislature specifically granted the Court of Appeals and the circuit courts jurisdiction over Headlee Amendment claims. This "specific grant . . . operate[s] as an exception to the general grant of jurisdiction to the Court of Claims to decide claims against the state."