

[Back](#)

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Supreme Court says rent caps OK in Hawaii case

Upholds key theory used by home builders

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The Supreme Court ruled Monday that Hawaii did not overstep its authority when it moved to keep gasoline prices in line by imposing caps on the rent paid by dealer-run stations, according to media reports.

The unanimous decision was a defeat for Chevron USA, which argued that Hawaii's law was an unconstitutional "taking" of private property, Associated Press reported. The ruling means that state legislatures preserve their authority to set local economic regulations without extensive second-guessing by federal courts, AP said.

Ruling otherwise would "require courts to scrutinize the efficacy of a vast array of state and federal regulators – a task for which courts are not well suited," Justice Sandra Day O'Connor wrote for the court, according to reports.

"Moreover, it would empower – and might often require – courts to substitute their predictive judgments for those of legislatures and expert agencies," O'Connor wrote, media reports said.

The National Association of Home Builders applauded the ruling, saying the home-building industry stands to benefit. The organization had filed an amicus brief in the case, *Lingle v. Chevron U.S.A.*

"The Lingle decision makes it absolutely clear that unconstitutional conditions can still be subject to Fifth Amendment takings challenges, a legal theory frequently used by home builders and builder associations in suits against impact fees and other conditions imposed by approvals for development projects," the NAHB said in a statement.



U.S. Supreme Court,
Washington, D.C.

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A ruling for Chevron would have opened the door to lawsuits from businesses challenging numerous laws – from residential rent control to environmental regulations and even minimum-wage requirements on the grounds they were an unfair "taking" of profits, media reports said.

Hawaii, which has some of the nation's highest gas prices, passed the law to protect independent dealers and promote competition, reports said. The law restricted lease prices that oil companies could charge their dealer-owned stations and barred the companies from taking over those stations, according to reports.

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[Back](#)

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