State A suffers from a high unemployment rate. To combat this problem, the State A legislature passed a statute requiring every business that sells over \$5 million worth of goods each year in State A to annually buy goods produced in State A in an amount equal to half of its State A sales. Several persons and entities seek to challenge the constitutionality of this state statute in federal court.

Which of the following persons or entities most clearly has standing to do so?

- A. A company that sells \$3 million worth of goods in State A annually but currently purchases only \$1 million in State A goods.
- B. A distributor that currently does not sell or purchase goods in State A but expects to sell \$15 million worth of goods in State A next fiscal year.
- C. A State B manufacturer that supplies 75 percent of the goods bought by a corporation with annual sales in State A of \$10 million.
- D. The governor of State B on behalf of her state's businesses.

Explanation:

A federal court will not hear a case unless the plaintiff has **standing**—ie, a personal stake in the outcome of the case. This requires the plaintiff to allege three elements:

- Injury-in-fact actual or imminent harm that is concrete and particularized
- Causation the injury is fairly traceable to the defendant's challenged conduct
- Redressability a favorable judicial decision will likely remedy or prevent the injury

Here, the State A statute requires businesses selling over \$5 million worth of goods each year in State A to buy State A produced goods in an amount equal to half of their State A sales. As a result, a corporation annually selling \$10 million worth of goods in State A but purchasing 75% of its goods from a State B manufacturer must now buy more State A goods. This will cause the State B manufacturer imminent financial harm that can be prevented if the statute is found unconstitutional. Therefore, the State B manufacturer likely has standing to contest the statute.

(Choice A) The statute does not apply to the company that annually sells \$3 million (not over \$5 million) worth of goods in State A. Therefore, this company does not have standing to contest the statute.

(Choice B) The distributor that currently does not sell or purchase goods in State A but expects to sell \$15 million worth of goods in State A next year will need to purchase \$7.5 million worth of State A goods *if* its prediction is accurate. But it lacks standing to contest the statute because this harm is speculative—not concrete.

(Choice D) The third-party standing doctrine allows an *injured* party to assert a third party's rights in <u>limited circumstances</u>. But the State B governor does not have standing to sue on behalf of her state's businesses because there is no evidence that the statute injured the governor.

Educational objective:

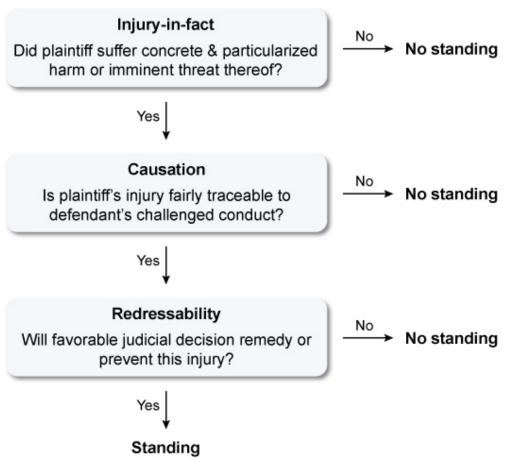
A plaintiff has standing to sue in federal court if he/she allegedly (1) suffered an injury-infact that (2) was caused by the defendant's challenged conduct and (3) is redressable by a favorable judicial decision.

References

- Lujan v. Defs. of Wildlife, 504 U.S. 555, 560–61 (1992) (holding that standing requires proof of an injury-in-fact, causation, and redressability).
- 32 Am. Jur. 2d Federal Courts § 577 (2019) (explaining the injury-in-fact element of standing).

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Standing doctrine



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