Estate of Bosch, 387 U.S. 456 (1967)

When determining state law, a federal court must follow the decisions of the state's highest court, and where there is no such decision, must ascertain the state law from other available sources, including decisions of lower state courts, while giving proper regard to relevant rulings of other courts.

Summary

The Supreme Court addressed the standard a federal court should apply when determining state law. The case involved the federal estate tax marital deduction. The Court determined that when state law is relevant to a federal question, federal courts are bound by decisions of the state's highest court. If the state's highest court has not ruled on the issue, a federal court must consider other sources, including lower state court decisions. Although lower state court decisions are not binding, they should be given proper regard. The Court emphasized that the federal court should make its own independent determination of state law, rather than being conclusively bound by a lower state court ruling.

Facts

The case involved the estate of Mr. Bosch, where the Commissioner of Internal Revenue and the estate disagreed on whether certain assets qualified for the estate tax marital deduction. The Commissioner argued that the assets did not qualify. The Second Circuit Court of Appeals had previously ruled that the Tax Court should make its own independent determination of state law even when there is a ruling by a lower state court. The Second Circuit affirmed the Tax Court's decision, which had ruled in favor of the Commissioner.

Procedural History

The case originated in the Tax Court, which ruled in favor of the Commissioner of Internal Revenue. The Second Circuit Court of Appeals affirmed the Tax Court's decision. The Supreme Court then granted certiorari to review the Second Circuit's decision regarding the proper application of state law.

Issue(s)

Whether a federal court or agency, in a federal tax case, is conclusively bound by a state trial court's determination of state law when there is no decision by the highest court of the state?

Holding

No, because a federal court is not conclusively bound by a lower state court's determination of state law when there is no decision by the highest court of the state. Federal courts must give

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