

113TH CONGRESS
2^D SESSION

H. R. 5252

To ensure that methods of collecting taxes and fees by private citizens on behalf of States are fair and effective and do not discriminate against interstate commerce.

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2014

Mr. SENSENBRENNER (for himself, Mr. BACHUS, Mr. TERRY, Mr. COHEN, and Mr. JOHNSON of Georgia) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To ensure that methods of collecting taxes and fees by private citizens on behalf of States are fair and effective and do not discriminate against interstate commerce.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax and Fee Collection
5 Fairness Act of 2014”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) States may designate in-State or out-of-
9 State persons or other entities as collection agents

1 for the State with a duty to collect certain taxes and
2 fees from residents of the State.

3 (2) States have the sovereign right to tax their
4 citizens, subject to the Constitution and the law.
5 States do not have the right to tax interstate com-
6 merce or to impose taxes or other duties on citizens
7 of other States without limitation.

8 (3) Collection agents for a State may feasibly
9 collect fees and taxes from customers in connection
10 with financial transactions to which the agent and
11 customer are parties. In such cases, the agent has
12 transactional nexus with the customer.

13 (4) Congress can help ensure against unreason-
14 able burdens on interstate commerce by making
15 transactional nexus a condition of imposing a duty
16 on a person to serve as a collection agent for the
17 State and making such person strictly liable for any
18 failure to collect.

19 **SEC. 3. TRANSACTIONAL NEXUS REQUIREMENT.**

20 No State may require any person to collect from, or
21 remit on behalf of, any other person any State or local
22 fee, tax, or surcharge imposed on a purchaser or user with
23 respect to the purchase or use of any product or service
24 within a State, unless there is transactional nexus between
25 the person from whom the State seeks to require such col-

1 lection or remittance and the purchaser or user of such
2 product or service. “Transactional nexus” means that
3 there is a direct monetary transaction between the person
4 required to collect or remit the fee, tax, or surcharge and
5 the purchaser or user upon whom the fee, tax, or sur-
6 charge is imposed. The term “State” means each of the
7 several States, the District of Columbia, the Common-
8 wealth of Puerto Rico, Guam, American Samoa, the
9 United States Virgin Islands, the Commonwealth of the
10 Northern Mariana Islands, and any other territory or pos-
11 session of the United States.

12 **SEC. 4. ENFORCEMENT.**

13 Notwithstanding any provision of section 1341 of title
14 28, United States Code, or the constitution or laws of any
15 State, the district courts of the United States shall have
16 jurisdiction, without regard to amount in controversy or
17 citizenship of the parties, to grant such mandatory or pro-
18 hibitive injunctive relief, interim equitable relief, and de-
19 claratory judgments as may be necessary to prevent, re-
20 strain, or terminate any acts in violation of this Act.

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