H. R. 2887

To regulate certain State impositions on interstate commerce.

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2017

Mr. SENSENBRENNER (for himself, Mr. GOODLATTE, Mr. DESJARLAIS, Mr. McCLINTOCK, Mr. GROTHMAN, Mr. MEADOWS, Mr. CONAWAY, and Mr. TROTT) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To regulate certain State impositions on interstate commerce.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “No Regulation Without Representation Act of 2017”.

SEC. 2. MINIMUM JURISDICTIONAL STANDARDS FOR STATE AND LOCAL TAXATION AND REGULATION OF ITEMS IN INTERSTATE COMMERCE.

(a) In General.—To the extent otherwise permissible under Federal law, a State may tax or regulate a person’s activity in interstate commerce only when such
person is physically present in the State during the period in which the tax or regulation is imposed.

(b) Requirements for Physical Presence.—

(1) In general.—For purposes of subsection (a), a person has a physical presence in a State only if such person’s business activities in the State include any of the following during the calendar year—

(A) maintaining its commercial or legal domicile in the State;

(B) owning, holding a leasehold interest in, or maintaining real property such as an office, retail store, warehouse, distribution center, manufacturing operation, or assembly facility in the State;

(C) leasing or owning tangible personal property (other than computer software) of more than de minimis value in the State;

(D) having one or more employees, agents, or independent contractors present in the State who provide on-site design, installation, or repair services on behalf of the remote seller;

(E) having one or more employees, exclusive agents or exclusive independent contractors present in the State who engage in activities
that substantially assist the person to establish
or maintain a market in the State; or

(F) regularly employing in the State three
or more employees for any purpose.

(2) DE MINIMIS PHYSICAL PRESENCE.—For
purposes of this section, the term “physical pres-
ence” shall not include—

(A) entering into an agreement under
which a person, for a commission or other con-
sideration, directly or indirectly refers potential
purchasers to a person outside the State,
whether by an Internet-based link or platform,
Internet Web site or otherwise;

(B) any presence in a State, as described
in section 2(b)(1), for less than 15 days in a
taxable year (or a greater number of days if
provided by State law);

(C) product placement, setup, or other
services offered in connection with delivery of
products by an interstate or in-State carrier or
other service provider;

(D) Internet advertising services provided
by in-State residents which are not exclusively
directed towards, or do not solicit exclusively,
in-State customers;
(E) ownership by a person outside the State of an interest in a limited liability company or similar entity organized or with a physical presence in the State;

(F) the furnishing of information to customers or affiliates in such State, or the coverage of events or other gathering of information in such State by such person, or his representative, which information is used or disseminated from a point outside the State; or

(G) business activities directly relating to such person’s potential or actual purchase of goods or services within the State if the final decision to purchase is made outside the State.

(c) PROTECTION OF NON-SELLERS.—A State may not impose or assess a sales, use, or similar tax on a person or impose an obligation to collect or report any information with respect thereto, unless such person is either a purchaser or a seller having a physical presence in the State.

SEC. 3. DISPUTE RESOLUTION.

The district courts of the United States shall have original jurisdiction over civil actions to enforce the provisions of this Act, including authority to issue declaratory judgments pursuant to section 2201 of title 28, United
States Code, and, notwithstanding the provisions of section 1341 of such title, injunctive relief, as necessary to carry out any provision of this Act.

SEC. 4. DEFINITIONS AND EFFECTIVE DATE.

(a) DEFINITIONS.—For purposes of this Act:

(1) MARKETPLACE PROVIDER.—The term “marketplace provider” includes any person, other than a seller, who facilitates a sale. For purposes of this subsection, a person facilitates a sale when the person both—

(A) lists or advertises products for sale in any forum, including a catalog or Internet Web site; and

(B) either directly or indirectly through agreements or arrangements with third parties, collects gross receipts from the customer and transmits those receipts to the marketplace seller, whether or not such person deducts any fees or other amounts from those receipts prior to transferring them to the marketplace seller.

(2) MARKETPLACE SELLER.—The term “marketplace seller” means a person that has any sales facilitated by a marketplace provider.

(3) PERSON.—The term “person” has the meaning given such term by section 1 of title 1,
United States Code. Each corporation that is a member of a group of affiliated corporations, whether unitary or not, is itself a separate person.

(4) PRODUCT.—The term “product” includes any good or service, tangible or intangible.

(5) REFERRER.—The term “referrer” shall mean every person who—

(A) contracts or otherwise agrees with a seller to list multiple products for sale and the sales prices thereof in any forum, including a catalog or Internet Web site;

(B) receives a fee, commission, or other consideration from a seller for the listing;

(C) transfers, via telephone, Internet link, or otherwise, a customer to the seller or the seller’s Web site to complete a purchase; and

(D) does not collect receipts from the customer for the transaction.

(6) REGULATE.—The term “regulate” means to impose a standard or requirement on the production, manufacture or post-sale disposal of any product sold or offered for sale in interstate commerce as a condition of sale in a State when—

(A) such production or manufacture occurs in another State;
(B) such requirement is in addition to the requirements applicable to such production or manufacture pursuant to Federal law and the laws of the State and locality in which such production or manufacture occurs;

(C) such imposition is not otherwise expressly permitted by Federal law; and

(D) such requirement is enforced by a State’s executive branch or its agents or contractors.

(7) SELLER.—The term “seller” does not include—

(A) any marketplace provider (except with respect to the sale through the marketplace of products owned by the marketplace provider);

(B) any referrer;

(C) any carrier, in which the seller does not have an ownership interest, providing transportation or delivery services with respect to tangible personal property; and

(D) any credit card issuer, transaction or billing processor, or other financial intermediary.

(8) SIMILAR TAX.—The term “similar tax” means a tax that is imposed with respect to the sale
or use of a product, regardless of whether the tax is imposed on the person making the sale or the purchaser, with the right or obligation of the person making the sale to obtain reimbursement for the amount of the tax from the purchaser at the time of the transaction.

(9) STATE.—The term “State” means the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and any other territory or possession of the United States and includes any political subdivision thereof.

(10) TAX.—The term “tax” means to—

(A) impose an obligation on a person for—

(i) the collection of a sales, use, or similar tax; or

(ii) the reporting of any information with respect thereto;

(B) assess a sales, use or similar tax on a person;

(C) treat a person as doing business in a State for purposes of such a tax; or

(D) impose on a business or its non-resident owners, directly or indirectly through
mechanisms such as combined reporting or consolidated returns, a net income tax or any other business activity tax measured by the amount of, or economic results of, business or related activity conducted in or derived from sources in the State.

(b) EFFECTIVE DATE.—This Act shall apply with respect to calendar quarters beginning on or after January 1, 2018.