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113TH CONGRESS
2D 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

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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.

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 ''Tax and Fee Collection Fairness Act of 2014''.

SEC. 2. FINDINGS.

Congress finds the following:

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

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

(2) States have the sovereign right to tax their citizens, subject to the Constitution and the law. States do not have the right to tax interstate commerce or to impose taxes or other duties on citizens of other States without limitation.

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

(4) Congress can help ensure against unreasonable burdens on interstate commerce by making transactional nexus a condition of imposing a duty on a person to serve as a collection agent for the State and making such person strictly liable for any failure to collect.

SEC. 3. TRANSACTIONAL NEXUS REQUIREMENT.

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

lection or remittance and the purchaser or user of such product or service. ''Transactional nexus'' means that there is a direct monetary transaction between the person required to collect or remit the fee, tax, or surcharge and the purchaser or user upon whom the fee, tax, or surcharge is imposed. The term ''State'' means each of 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.

SEC. 4. ENFORCEMENT.

Notwithstanding any provision of section 1341 of title 28, United States Code, or the constitution or laws of any State, the district courts of the United States shall have jurisdiction, without regard to amount in controversy or citizenship of the parties, to grant such mandatory or prohibitive injunctive relief, interim equitable relief, and declaratory judgments as may be necessary to prevent, restrain, or terminate any acts in violation of this Act.

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