

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda-underwritten by global corporations-- includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With ALEC EXPOSED, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. DO YOU?

Home -> Model Legislation -> Tax and Fiscal Policy

Sales and Use Tax Collection Protection Act

Did you know that the Evergreen Freedom Foundation--which is connected to the Kochs--was the corporate co-chair in 2011?"

Summary

Current law mandates that a business has to have physical presence or nexus in a state before that business is compelled to collect and remit sales and use taxes on consumer purchases. Out of state tax collectors, however, have become consistently more aggressive in demanding sales and use taxes from business that may not have any physical connection with those states. ALEC's Sales and Use Tax Collection Protection Act is legislation that gives in-state retailers an important new tool to protect themselves from unfair and costly litigation in an out of state court, against a foreign tax administrator. This model bill simply gives an in-state business a special declaratory judgment action, which a business can seek in the courts of the state, that will determine if that business has the requisite nexus, or physical presence in another state that would justify the requirement to collect and remit sales and use taxes. And in turn, that judicial determination must be honored in other states courts under the "full faith and credit" clause of the United States Constitution.

Model Legislation

{Title, enacting clause, etc.}

Section 1. {Introduction} A proposal to amend the laws of {insert state} to adjudicate constitutional nexus issues relating to sales and use tax.

Section 2. {Declaratory Judgment to Adjudicate Constitutional Nexus}

A. Circuit courts shall have original jurisdiction over civil actions seeking declaratory judgment where:

1. The party seeking declaratory relief is a business that (i) is organized under the laws of {insert state} or a sole proprietorship owned by a {insert state} domiciliary, or (ii) has qualified to do business in {insert state}; and

2. The responding party is a government official of another state, or political subdivision of another state, who asserts that the business in question is obliged to collect sales or use taxes for such state or political subdivision based upon conduct of the business that occurs wholly or partially within {insert state}.

B. Any business meeting the requirements and facing the circumstances described in subsection A shall be entitled to declaratory relief on the issue of whether the requirement of another state, or political subdivision of another state, that the business collect and remit sales or use taxes to that state, or political subdivision, in the factual circumstances of the business' operations giving rise to the demand, constitutes an undue burden on interstate commerce within the meaning of Article I, Section 8, Clause 3 of the United States Constitution.

ALEC's Corporate Board --in recent past or present

- AT&T Services, Inc.
• centerpoint360
• UPS
• Bayer Corporation
• GlaxoSmithKline
• Energy Future Holdings
• Johnson & Johnson
• Coca-Cola Company
• PhRMA
• Kraft Foods, Inc.
• Coca-Cola Co.
• Pfizer Inc.
• Reed Elsevier, Inc.
• DIAGEO
• Peabody Energy
• Intuit, Inc.
• Koch Industries, Inc.
• ExxonMobil
• Verizon
• Reynolds American Inc.
• Wal-Mart Stores, Inc.
• Salt River Project
• Altria Client Services, Inc.
• American Bail Coalition
• State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

Section 3. {Repealer Clause}

Section 4. {Effective Date}

Were your laws repealed?

*Adopted by the Tax and Fiscal Policy Task Force at the Annual Meeting, July 30, 2004.
Approved by the full ALEC Board of Directors August, 2004.*

Center for Media and Democracy's
quick summary

This act and those in this multi-state tax category help write rules that make combined reporting harder and make it harder to collect taxes from corporations in general. See also "A Resolution In Opposition to Mandatory Unitary Combined Reporting."

About Us and ALEC EXPOSED. The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish www.PRWatch.org, www.SourceWatch.org, and now www.ALECexposed.org. For more information contact: editor@prwatch.org or 608-260-9713.