

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.

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.

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

Resolution on State and Local Business Activity Taxes

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

WHEREAS, the United States Supreme Court, in *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992), held that remote sellers lacking a physical presence may not be required to act as tax collection agents of the state; and

WHEREAS, direct state and local taxes on business, also known as "business activity taxes," such as income, franchise, net worth, business license, business and occupation, single business, capital stock, and like taxes, impose an even greater burden on businesses engaged in interstate commerce than an obligation to collect a tax from consumers; and

WHEREAS, the physical presence standard promotes fairness by ensuring that businesses that receive benefits and protections provided by state and local governments pay their fair share for these services; and

WHEREAS, the ability of state and local jurisdictions to tax out-of-state businesses should be limited to those situations in which the business has employees and/or property in the taxing jurisdiction and accordingly receives meaningful governmental benefits or protections from the jurisdiction; and

WHEREAS, the physical presence standard results in the proper attribution of business profits to taxing jurisdictions where a business is located and thus does not result in tax avoidance; and

WHEREAS, a business activity tax filing requirement based on a standard other than physical presence results in increased filing requirements and thus increased compliance costs; and

WHEREAS, businesses currently rely on a physical presence standard for complying with state and local business activity tax obligations, and this standard is applied currently by most state courts; and

WHEREAS, any Congressional authorization for states to impose a sales and use tax collection obligation would further put businesses at risk of the unfair application of business activity taxes by jurisdictions in which the businesses lack a physical presence; and

WHEREAS, the imposition of a standard other than physical presence for business activity taxes would expose U.S. companies lacking a physical presence overseas to similarly expansive and unfair taxation by foreign countries and their provinces; and

WHEREAS, businesses operating in interstate commerce should not be compelled to pay taxes in state and local jurisdictions solely as a result of the business having customers located in the taxing jurisdiction; and

WHEREAS, the United States economy has become more global since Congress first enacted Public Law 86-272 and has shifted toward the provision of more interstate

services and intangibles, and providers of services and intangibles are competitively disadvantaged relative to businesses that only sell tangible personal property;

WHEREAS, the enactment of new business activity taxes other than income taxes threatens to circumvent the intent of Congress in enacting Public Law 86-272;

NOW, THEREFORE BE IT RESOLVED, That the state of _____ urges Congress to enact legislation 1) recognizing a physical presence standard for the imposition of state and local business activity taxes, 2) defining de minimis standards for measuring physical presence and setting reasonable limits on the attribution of nexus, and 3) updating Public Law 86-272 to extend the current protections available for the solicitation for sales of goods to the solicitation for sales of services and intangibles and to apply these protections to all business activity taxes; and

BE IT FURTHER RESOLVED, That the state of _____ recognizes that any Congressional approval of "sales tax streamlining" without the simultaneous enactment of these business activity tax measures would have a harmful effect on American businesses and the economy.

*Adopted by the Tax and Fiscal Policy Task Force at the Annual Meeting, August 1, 2003.
Approved by the full ALEC Board of Directors August, 2003.*

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.