

Chapter 8: The Power to Tax and Spend

Introduction

- Taxation by the federal government.
- Taxation by the state governments.
- Political battles over fiscal policies.
- Powers of American political institutions.

The Constitutional Power to Tax and Spend (1 of 5)

- Articles of Confederation.
- The taxation power of the states.
- Modifications under the new constitution.

The Constitutional Power to Tax and Spend (2 of 5)

Federal Fiscal Authority

- The powers of the federal government.
- Three categories of revenue function.
- The power to spend.
- Restrictions imposed on the government.

The Constitutional Power to Tax and Spend (3 of 5)

Federal Fiscal Authority

- Ensuring geographical uniformity.
- Ensuring free movement of products.
- *United States v. United States Shoe Corp.*
- Ensuring no imposition of direct taxes with apportionment.

The Constitutional Power to Tax and Spend (4 of 5)

State Fiscal Authority

- Areas under taxation power of states.
- Limitations of state powers.
- Consistency with the Constitution.

The Constitutional Power to Tax and Spend (5 of 5)

State Fiscal Authority

- Consistency with commerce clause.
- State governments and interstate trade.
- Federal government and interstate trade.

Direct Taxes and the Power to Tax Income (1 of 6)

- Geographical uniformity.
- Population distribution.
- Support by the Southern states.
- Counting of slaves.

Direct Taxes and the Power to Tax Income (2 of 6)

Defining Direct Taxation

- *Hylton v. United States*.
- The partisan nature of the tax.
- View of the Federalists.
- View of the Anti-Federalists.

Direct Taxes and the Power to Tax Income (3 of 6)

Defining Direct Taxation

- Challenging the assessment.
- The judgement of the case.
- Historical significance of the *Hylton* case.

Direct Taxes and the Power to Tax Income (4 of 6)

The Constitutionality of the Income Tax

- Effects of the Civil War.
- *Springer v. United States*.
- Tariffs as a principal revenue stream.

Direct Taxes and the Power to Tax Income (5 of 6)

The Constitutionality of the Income Tax

- Enactment of an income tax law.
- Divided opinions of the public.
- *Pollock v. Farmers' Loan & Trust Co.*

Direct Taxes and the Power to Tax Income (6 of 6)

The Sixteenth Amendment

- Support and opposition to income tax.
- Authorization of a federal income tax.
- Overturning a Supreme Court precedent.
- *Brushaber v. Union Pacific Railroad*.
- Primary source federal revenue.

Intergovernmental Tax Immunity

(1 of 7)

- Risks of operation of a federal system.
- Avoiding conflicts in taxing.

Intergovernmental Tax Immunity

(2 of 7)

Establishing the Tax Immunity Doctrine

- *McCulloch v. Maryland*.
- Argument: supporters of federal power.
- Argument: supporters of state rights.
- The ruling of the Court.

Intergovernmental Tax Immunity

(3 of 7)

Establishing the Tax Immunity Doctrine

- Does the doctrine go both ways?
- *Collector v. Day*.
- Reasoning of the Court.

Intergovernmental Tax Immunity

(4 of 7)

Establishing the Tax Immunity Doctrine

- The *Pollock* income tax decisions.
- Standard imposed by the Court.

Intergovernmental Tax Immunity

(5 of 7)

Erosion of the Tax Immunity Doctrine

- The New Deal period.
- *Helvering v. Gerhardt*.
- *Graves v. New York ex rel. O'Keefe*.
- Taxation despite a cost-plus contract.

Intergovernmental Tax Immunity

(6 of 7)

Erosion of the Tax Immunity Doctrine

- The retained powers of the doctrine.
- *South Carolina v. Baker*.
- Government bonds and the 1982 tax act.
- Overruling of the *Pollock* decisions.

Intergovernmental Tax Immunity

(7 of 7)

Erosion of the Tax Immunity Doctrine

- Contemporary status of the doctrine.
- The nondiscriminatory principle.
- *Davis v. Michigan Department of Treasury*.
- Revision of the discriminatory tax laws.

Taxation as a Regulatory Power

(1 of 3)

- Purposes other than raising revenue.
- Questions on the taxation powers.
- Framers.

Taxation as a Regulatory Power

(2 of 3)

- Implied requirement that taxes only be revenue-generating?
- *Veazie Bank v. Fenn.*
- *McCray v. United States.*
- *Bailey v. Drexel Furniture Co.*

Taxation as a Regulatory Power

(3 of 3)

- Generally upholds Congress's taxing power.
- Expanding federal regulatory powers.

Taxing and Spending for the General Welfare (1 of 6)

- The intent of general welfare.
- Argument of James Madison.
- Argument of Alexander Hamilton.
- Programs of Franklin Roosevelt.

Taxing and Spending for the General Welfare (2 of 6)

- Agriculture and economy.
- The Agricultural Adjustment Act.
- *United States v. Butler*.
- The ruling of the Court.

Taxing and Spending for the General Welfare (3 of 6)

- The Court's change in position.
- The Social Security Act.
- Expanding role of the federal government.
- *South Dakota v. Dole*.

Taxing and Spending for the General Welfare (4 of 6)

- The opinion of the Court.
- Required for validity of a federal spending statute.
- Increasing latitude to federal powers.
- Questioning the federal and state powers.

Taxing and Spending for the General Welfare (5 of 6)

- The Affordable Care Act.
- The enlargement of Medicaid.
- Argument: federal and state governments.
- *National Federation of Independent Business v. Sebelius*.

Taxing and Spending for the General Welfare (6 of 6)

- The effect of the 2016 national elections.
- Attempt to repeal “ObamaCare.”
- Medicaid expansion provisions.
- Instability of the health care policy.