SUPPORT H.R. 1956, THE "BUSINESS ACTIVITY TAX SIMPLIFICATION ACT" AND HELP ELIMINATE HORROR STORIES LIKE THESE

- The New Jersey Department of Taxation recently stopped a truck belonging to Smithfield Foods, which has no physical operations in New Jersey, on the state's turnpike and demanded that Smithfield pay $150,000 before the truck could proceed because Smithfield had failed to file New Jersey tax returns. The Department finally agreed to release the truck for $8,000. Smithfield then spent significant resources to appeal this aggressive and incorrect taxation to the New Jersey State tax commissioner, which ultimately issued Smithfield a refund and apology.

- New Jersey has also argued that a mom-and-pop South Carolina software company with no physical presence in any states besides South Carolina and Georgia owes $600 per year in corporate taxes and fees based only on the sale of licensed software to a New Jersey entity, even for those years in which the company's annual revenue from New Jersey customers was as low as $49.

- Another State Department of Revenue has threatened to assess business activity taxes on several out-of-state companies based on the fact that they broadcast programming into the state, arguing that the companies are exploiting the local market because the programming is seen or heard by individuals in that State.

- According to a recent survey, sixteen states assert that an out-of-state company merely having a website on someone else's server in the state creates a sufficient connection to justify imposing business activity taxes on that out-of-state company.

H.R. 1956 gives Members the opportunity to put an end to nonsensical situations like these and provide certainty to both U.S. businesses and to states, thereby fostering economic growth and development. It would help eliminate the current maze of business activity tax regulations that stifle the growth of American companies.

If you have additional questions about this legislation, please contact Branden Ritchie in Congressman Goodlatte's office at branden.ritchie@mail.house.gov or 5-5431.