

WASHINGTON, DC - Congressman Robert C. “Bobby” Scott (D-VA-03) is an original cosponsor of the Business Activity Tax Simplification Act, which was introduced in the 110th Congress today by Congressman Rick Boucher (D-VA-09) and Congressman Bob Goodlatte (R-VA-06).

Historically, states have levied business activity taxes, which include income taxes and franchise taxes, on out-of-state businesses that have a direct physical presence within that state. However, over the past several years, a growing number of states have sought to impose business activity taxes on out-of-state businesses that may have no actual physical presence in that given state. Many states have justified imposing these taxes based on a business’s “economic” activity, not physical presence, within the state. Smaller businesses, with little financial resources to battle taxation collection bureaus in the courts of another state, are often forced to pay heavy out-of-state business activity taxes to a state where they have little or no physical presence. As a result, many businesses have shied away from expanding their presence in other states for fear of exposure to further taxation. The Business Activity Tax Simplification Act would clarify federal law and create a uniform method on how states can levy business activity taxes on out-of-state businesses.

“I applaud my fellow Virginians, Congressman Boucher and Congressman Goodlatte, for introducing this important legislation in the 110th Congress,” said Rep. Scott. “Several Virginia businesses have been unfairly assessed business activity taxes in other states. The standards by which a business is required to pay a business activity tax varies so widely in various states that the economic cost of paying these out-of-state taxes and battling these taxes in court are skyrocketing. There should be a uniform standard on how states should levy these taxes. The Business Activity Tax Simplification Act would do just that.”

In addition to Rep. Scott, a total of ten other representatives from both parties are original cosponsors of the bill. The legislation has been referred to the House Judiciary Committee.

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