synonymous," wrote Justice Pitney, ". . . but a general taxing scheme . . . if it discriminates against all non-residents, has the necessary effect of including in the discrimination those who are citizens of other States . . . ."[218] Where there were no discriminations between citizens and noncitizens, a state statute taxing the business of hiring persons within the state for labor outside the state was sustained.[219]

The Court returned to the privileges-and-immunities restrictions upon disparate state taxation of residents and nonresidents in *Lunding v. New York Tax Appeals Tribunal*.[220] In this case, the state denied nonresidents any deduction from taxable income for alimony payments, although it permitted residents to deduct such payments. Although it observed that approximate equality between residents and nonresidents was required by the clause, the Court acknowledged that precise equality was neither necessary nor in most instances possible. But it was required of the challenged state that it demonstrate a "substantial reason" for the disparity, and the discrimination must bear a "substantial relationship" to that reason.[221] A state, under this analysis, may not deny nonresidents a general tax exemption provided to residents that would reduce their tax burdens, but it could limit specific expense deductions based on some relationship between the expenses and their in-state property or income. Here, the state flatly denied the exemption. Moreover, the Court rejected various arguments that had been presented, finding that most of those arguments, while they might support targeted denials or partial denials, simply reiterated the state's contention that it need not afford any exemptions at all. This section of the Constitution does not prevent a territorial government, exercising powers delegated by Congress, from imposing a discriminatory license tax on nonresident fishermen operating within its waters.[222]

However, what at first glance may appear to be a discrimination may turn out not to be when the entire system of taxation prevailing in the enacting state is considered. On the basis of overall fairness, the Court sustained a Connecticut statute that required nonresident stockholders to pay a state tax measured by the full market value of their stock while resident stockholders were subject to local taxation on the market value of that stock reduced by

[218] 252 U.S. 60, 78–79 (1920).
[219] Williams v. Fears, 179 U.S. 270, 274 (1900).
[220] 522 U.S. 287 (1998).
[221] 522 U.S. at 298.
[222] Haavik v. Alaska Packers Ass'n, 263 U.S. 510 (1924).