

A federal statute requires all owners of mineral springs to pay a sales tax on the mineral water they sell. A state that sells mineral water from the springs that it owns has refused to pay the tax. The United States has sued the state in federal court, seeking payment of the tax. The state has moved to dismiss the action.

Is the court likely to dismiss the action?

- A. No, because Congress has unlimited power to tax and spend for the general welfare.
- B. No, because the nondiscriminatory tax does not interfere with the essential functions of state government.
- C. Yes, because the Eleventh Amendment prohibits states from being sued in federal court without the state's consent.
- D. Yes, because the Tenth Amendment grants states immunity from all direct federal taxation.

Explanation:

Federalism

(power distribution between federal & state governments)

| Constitutional provision | Effect |
|--------------------------------|---|
| Article VI supremacy clause | <ul style="list-style-type: none">• Prioritizes U.S. Constitution, treaties & federal laws over state constitutions & laws• Prohibits states from regulating/taxing federal government or its agencies/instrumentalities |
| Tenth Amendment | <ul style="list-style-type: none">• Reserves all powers not assigned to federal government by U.S. Constitution to states/people• Prohibits federal government from requiring states to enact laws or enforce federal laws• Immunizes states from federal taxes that discriminate against states or unduly interfere with essential state functions |

Article I grants **Congress** the broad **power to tax and spend** for the general welfare. But this power is not unlimited **(Choice A)**. Under the **Tenth Amendment**, Congress is prohibited from imposing **federal taxes on states** that:

- **discriminate against states** because the taxes apply to states and their agencies but not private individuals or entities *or*
- would **unduly interfere** with the **states' essential functions**, including property used for or income received from the state's performance of traditional government actions (eg, public schools, state parks).

However, the Tenth Amendment **does not immunize** states from **nondiscriminatory federal taxes** that apply to the public and private sectors and do not interfere with essential state functions **(Choice D)**.

Here, the federal sales tax is nondiscriminatory since it applies to *all* private and public owners of mineral springs who sell mineral water. The tax also does not unduly interfere with essential state functions because selling mineral water (or any other product) is a business action—not a traditional government action. As a result, the Tenth Amendment does not immunize the state from the tax, so the court is not likely to dismiss the action.

(Choice C) The [Eleventh Amendment](#) generally prohibits private parties and foreign governments from suing a state in federal court without the state's consent. However, this amendment does not bar actions brought by the United States (as seen here).

Educational objective:

The Tenth Amendment immunizes states from federal taxes that discriminate against states or unduly interfere with essential state functions.

References

- New York v. United States, 326 U.S. 572, 582 (1946) (holding that a state is not immune from a nondiscriminatory federal tax that does not interfere with essential state functions).

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