A Taxing Question

How one bank tax tested federal and state power

8.C.7.3 "Analyze the impact of McCulloch v. Maryland which established federal supremacy concerning taxation."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline a reason Congress could create the bank, circle why Maryland could not tax it, and number two effects the ruling had on federal and state power.

The Bank Maryland Tried to Tax

1 In 1818, Maryland lawmakers aimed a tax at banknotes issued by banks the state had not chartered. The Second Bank of the United States, created by Congress, had a branch in Baltimore that would have to pay. James McCulloch, a worker at that branch, refused to pay the tax. Maryland took him to court. The case reached the U.S. Supreme Court in 1819. The dispute raised two linked questions: Could Congress create this bank, and could a state tax it after Congress did?

2 Chief Justice John Marshall wrote the Court's decision. The Constitution does not name a national bank as a power of Congress. But it gives Congress powers such as collecting taxes and borrowing money. The Court reasoned that a bank could help carry out those listed powers. Under the Necessary and Proper Clause, Congress may choose suitable ways to use its constitutional powers, even if those ways are not named one by one. Because the bank was a valid federal creation, Maryland's tax challenged more than a local business.

3 The Court ruled that Maryland could not tax the federal bank. Marshall warned that the power to tax could become the power to destroy: a state might raise taxes until a federal office could no longer function. The Constitution makes valid federal laws supreme over conflicting state actions. The ruling protected the national government's ability to carry out its lawful work without state interference. It did not end state taxation. Maryland and other states could still tax private residents and businesses under state law, but not use a tax to control a federal institution.

2 ANSWER WITH EVIDENCE

Use the passage

1. How did the Court's decision about Congress's power to create the bank affect Maryland's power to tax it?

2. Why could a state tax threaten federal work even if the tax started out small?

3. What did the ruling establish about a state's power when its tax conflicts with a valid federal action?

4. Did the ruling take away all state power to tax? Explain how the passage shows a limit to the ruling.

3 YOUR TURN

Your own words

Imagine a state proposes a special tax on a federally operated passport office to pay for road repairs. In four sentences, explain whether the tax fits the Court's ruling, how it could affect federal work, and what the ruling still allows states to tax.

ANSWER KEY

A Taxing Question

GRADE 8 · 8.C.7.3

PART 1 · READ AND MARK

Underline a reason Congress could create the bank, circle why Maryland could not tax it, and number two effects the ruling had on federal and state power. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How did the Court's decision about Congress's power to create the bank affect Maryland's power to tax it?	**The Court found that Congress could create the bank to help carry out its listed powers. As a valid federal institution, the bank could not be taxed by Maryland.**
2	Why could a state tax threaten federal work even if the tax started out small?	**A state could raise the tax until a federal institution could no longer function.**
3	What did the ruling establish about a state's power when its tax conflicts with a valid federal action?	**A state cannot use a tax to interfere with a valid federal action because valid federal law is supreme over conflicting state actions.**
4	Did the ruling take away all state power to tax? Explain how the passage shows a limit to the ruling.	**No. States could still tax private residents and businesses under state law, but they could not use a tax to control a federal institution.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

The special tax would conflict with the Court's ruling because it targets a federal office. If the state raised the tax, the passport office might have less money to do its work. Valid federal actions are protected from this kind of state interference. The ruling still allows states to tax private residents and businesses under state law.

Accept explanations that connect the tax to interference with a valid federal institution. Students should not claim that the ruling banned all state taxes.