

**NCSL STANDING COMMITTEE on BUDGETS AND REVENUE  
POLICY DIRECTIVES AND RESOLUTIONS**

**LEGISLATIVE SUMMIT  
Chicago, Illinois  
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1 **COMMITTEE: BUDGETS AND REVENUE**

2 **POLICY: STATE TAX SOVERIGNTY**

3 **TYPE: RENEWAL RESOLUTION; CO-CHAIR**  
4 **REPRESENTATIVE TROY WAYMASTER AND CO-**  
5 **CHAIR SENATOR LOUIS DIPALMA**  
6

7 **WHEREAS**, the National Conference of State Legislatures is committed to preserving  
8 the authority of state legislatures to regulate and respond to the needs of their residents;  
9 and

10 **WHEREAS**, state legislatures serve as laboratories of democracy and are best  
11 positioned to craft policies that reflect local values, priorities, and conditions; and

12 **WHEREAS**, the National Conference of State Legislatures supports the right of states  
13 to create and enforce their own fiscal policy and tax laws; and

14 **WHEREAS**, states depend on fair and modern tax systems to fund important public  
15 services; and

16 **WHEREAS**, some federal tax laws were created for a time when most business was  
17 done locally and in person, not online and across distances; and

18 **WHEREAS**, oftentimes, these federal tax laws have since been defined through court  
19 cases and multistate cooperation reflecting today's modern economy and providing  
20 commonality and broad understanding for state governments and commercial actors  
21 alike; and

22 **WHEREAS**, these older, yet defined laws, are now being looked at, by possibly  
23 expanding existing exemption language, to prevent states from taxing businesses that  
24 have no physical presence in the state but still generate revenue from activities within  
25 the state, especially through digital products, services, websites, or data collection; and

26 **WHEREAS**, this limits states' ability to fairly tax all businesses and may put local  
27 businesses at a disadvantage; and

28 **WHEREAS**, such interpretations weaken the role of states and limit their ability to  
29 respond to today's economy;

30 **NOW, THEREFORE, BE IT RESOLVED**, that the National Conference of State  
31 Legislatures opposes any federal policy or interpretation that stops states from taxing  
32 businesses that have a strong economic or digital connection to the state; and

33 **BE IT FURTHER RESOLVED**, that NCSL urges Congress and federal agencies not to  
34 expand outdated limits on state tax authority, including refraining from creating new  
35 exemptions or refining established definitions and to respect the rights of states to  
36 manage their own tax systems.

1 **COMMITTEE: BUDGETS AND REVENUE**

2 **POLICY: STATE SOVEREIGNTY FOR GAMING**

3

4 **TYPE: UPDATED DIRECTIVE; CO-CHAIR REPRESENTATIVE**  
5 **TROY WAYMASTER AND CO-CHAIR SENATOR**  
6 **LOUIS DIPALMA**

7

8 The National Conference of State Legislatures (NCSL) believes that the federal  
9 government must respect the sovereignty of states to allow or prohibit games of chance  
10 and skill within their borders.

11

### 12 **Internet Gambling**

13 The National Conference of State Legislatures (NCSL) believes the federal government  
14 must respect the sovereignty of states to allow or to prohibit Internet gambling by its  
15 residents.

16

17 The 2011 ruling by the United States Justice Department on the Federal Wire Act of  
18 1961, 18 U.S.C. §1084, clarifies that intra-state online gambling is lawful. Any effort by  
19 Congress or the administration to reverse this ruling is preemptive and diminishes the  
20 flexibility of state legislatures to be innovative and responsive to the unique needs of the  
21 residents of each state.

22

23 NCSL requests Congress to consider the perspective of the states as it examines this  
24 issue and asks that it involve state legislators in any federal efforts that seek to reform  
25 the regulation of online gaming. NCSL strongly opposes any effort by the federal  
26 government to overturn the Justice Department's ruling or consideration of legislation  
27 overruling state authority by legalizing or regulating gambling at the federal level. NCSL  
28 also requests that federal lawmakers be respectful of state legislatures that prohibit  
29 online gaming or other forms of gaming within their state.

30

31 **Sports Gambling**

32 The National Conference of State Legislatures (NCSL) believes the federal government  
33 must recognize the sovereignty of states to allow or to prohibit sports gambling by its  
34 residents.

35

36 On May 14, 2018, the Supreme Court of the United States declared the Professional  
37 and Amateur Sports Protection Act (PASPA), 28 U.S.C. §§ 3701-3704, unconstitutional  
38 as violative of the Court's 10<sup>th</sup> Amendment anti-commandeering jurisprudence. The  
39 Court's judgement on PASPA exemplifies the failings of a one-size-fits-all federal  
40 solution to complex questions of policy, regulation and law enforcement. With the  
41 shackles of federal preemption removed, states can begin creating innovative and  
42 tailored sports gambling policies that represent the will of voters.

43

44 The choice to legalize sports wagering is an important policy question, the answer to  
45 which is different among our nation's diverse states. Forcing state policy flexibility and  
46 innovation to retreat under threat of federal preemption not only undermines the basic  
47 tenants of our nation's founding documents, but it strains state-federal relations and  
48 suppresses the direct will of voters. Conversely, by encouraging state policy innovation  
49 and unique legislative solutions, federalism is strengthened and voters are more  
50 engaged with the legislative process.

51

52 NCSL requests Congress respect the sovereignty of states to regulate and tax sports  
53 gambling in the current post-PASPA environment. This includes not preempting states'  
54 legislative authority to legalize, regulate and tax sports gambling activities. NCSL also  
55 requests that federal lawmakers respect state legislatures that chose to maintain their  
56 prohibitions on sports gambling and other forms of gambling within their state.

57

58 **Daily Fantasy Sports**

59 The National Conference of State Legislatures (NCSL) believes the federal government  
60 must respect the sovereignty of states to allow or to prohibit daily fantasy sports by its  
61 residents.

62

63 The Unlawful Internet Gambling Enforcement Act of 2006 specifically excludes a  
64 fantasy or simulation sports game that “has an outcome that reflects the relative  
65 knowledge of the participants, or their skill at physical reaction or physical manipulation  
66 (but not chance), and, in the case of a fantasy or simulation sports game, has an  
67 outcome that is determined predominantly by accumulated statistical results of sporting  
68 events”. Therefore, NCSL will oppose any effort by Congress or the administration to  
69 diminish the flexibility of state legislatures to be innovative and responsive to the unique  
70 laws and regulations of each state.

71

72 NCSL strongly opposes any effort by the federal government that would overrule state  
73 authority by regulating daily fantasy sports at the federal level. NCSL believes the  
74 federal government must recognize the sovereignty of states to regulate and tax daily  
75 fantasy sports. NCSL also requests that federal lawmakers be respectful of state  
76 legislatures that prohibit daily fantasy sports within their state.

77

### 78 **Prediction Markets**

79 The National Conference of State Legislatures (NCSL) urges the federal government to  
80 respect the sovereignty of states to establish legal and regulatory frameworks for event  
81 contracts and prediction markets.

82 States have long served as the primary authority for gaming activities—a role reaffirmed  
83 by the Supreme Court’s decision of *Murphy v. National Collegiate Athletic Association*.  
84 This authority encompasses sports wagering, fantasy sports and lottery products,  
85 supported by consumer protection, licensing and tax frameworks tailored to each state’s  
86 policy priorities.

87 As federally regulated derivatives exchanges increasingly list event contracts tied to  
88 outcomes such as sports, elections and other contingent events, these products closely  
89 resemble and directly compete with activities governed under state gaming laws.

90 Therefore, NCSL maintains that states retain the authority to govern prediction markets  
91 and event contracts in the same manner as other entities operating in this space. These

92 offerings should be subject to comparable state oversight to ensure consistency,  
93 transparency and appropriate consumer protections.

94 Accordingly, NCSL calls on Congress and federal regulators to preserve state authority  
95 by ensuring that prediction markets and event contracts may be structured and  
96 administered by states consistent with their existing gaming frameworks. NCSL opposes  
97 any federal preemption that would limit states' ability to enforce their own consumer  
98 protection, revenue policy and access and licensing requirements in this area.

99 Finally, NCSL emphasizes the importance of strong state-federal cooperation and urges  
100 federal policymakers to consult with state legislatures before taking any action that  
101 could affect state authority.

1 **COMMITTEE: BUDGETS AND REVENUE**  
2 **POLICY: UNITED STATES POSTAL SERVICE FUNDING**  
3 **TYPE: NEW DIRECTIVE; CO-CHAIR REPRESENTATIVE**  
4 **TROY WAYMASTER AND CO-CHAIR SENATOR**  
5 **LOUIS DIPALMA**

6 The United States Postal Service (USPS) is a critical component of the national  
7 infrastructure upon which state governments and their residents depend. States rely on  
8 USPS for tax administration, benefits delivery, election administration, court notices, and  
9 intergovernmental communications. Any disruption to postal services creates cascading  
10 fiscal and administrative burdens for state and local governments. The impact of postal  
11 service reliability is felt most acutely in rural and underserved communities, where  
12 USPS is often the sole means of receiving prescription medications, government  
13 benefits, legal notices, and access to commerce.

#### 14 **Federal Funding and Financial Stability**

15 The National Conference of State Legislatures supports dedicated, sustained federal  
16 funding to ensure the long-term financial stability and infrastructure modernization of the  
17 USPS. Congress should take a comprehensive approach that addresses the structural  
18 cost burdens that have historically threatened USPS solvency, as well as the capital  
19 investment needs of an aging postal infrastructure and facility network. NCSL opposes  
20 service reductions or facility closures that disproportionately harm rural and low-income  
21 populations without meaningful prior consultation with affected states and communities.

#### 22 **State Flexibility and Federal Preemption**

23 NCSL believes states should retain flexibility to enter postal service partnerships and  
24 contracts without federal preemption. USPS provides essential support to state  
25 workforce programs, Medicaid and benefits agencies, and election infrastructure, and  
26 any restructuring of postal operations should account for these dependencies. NCSL  
27 urges Congress and the Administration to ensure that any changes to USPS operations,  
28 funding, or organizational structure are conducted transparently and in coordination with

29 state fiscal officials, with adequate notice and transition time to allow states to plan and  
30 budget accordingly.