

STATE INCOME TAXES

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1 **1 Introduction**

2 This document is written to briefly explain how state income taxes may lawfully be collected and why in most cases, they
3 are not. It is intended to be attached to a response to a state income tax collection notice.

4 **2 Which states have no personal income taxes?**

5 As of the writing of this document, nine states *do not* have a state personal income tax. These states are listed below in
6 alphabetical order:

- 7 1. Alaska
- 8 2. Florida
- 9 3. Nevada
- 10 4. New Hampshire
- 11 5. South Dakota
- 12 6. Tennessee
- 13 7. Texas
- 14 8. Washington
- 15 9. Wyoming

16 If you would like a succinct summary and reference for state income tax law and procedure, we recommend the following:

State Tax Notice and Letter Response Index, Form #07.201
<http://sedm.org/SampleLetters/States/StateRespLtrIndex.htm>

17 **3 State tax "Scheme"**

18 Those states that do have personal income tax all work the same, as described in this section. All state income tax
19 withholding is dependent on federal withholding. In order to have a state tax "liability", a person must first have a federal
20 "liability" under [Subtitle A of the Internal Revenue Code](#). State tax withholding is authorized under the [Buck Act, 4 U.S.C.](#)
21 [§105-111](#).

22 Withholding of state income taxes is implemented under the delegated authority of the Buck Act, 4 U.S.C. §106, which is
23 implemented further within [5 U.S.C. §5517](#) entitled "Withholding State Income Taxes". The "State" mentioned in [5 U.S.C.](#)
24 [5517](#) is *only* a federal "State", which is defined in [4 U.S.C. §110](#)(d) to mean a "territory or possession of the United States",
25 all of which are listed under Title 48 of the U.S. Code. Note that states of the Union do NOT appear in Title 48 of the U.S.
26 code as "territories and possessions" of the United States. If you would like to learn more about income taxation within
27 federal territories and possessions, we refer you to section 5.13 of the following:

Great IRS Hoax, Form #11.302
<http://famguardian.org/Publications/GreatIRSHoax/GreatIRSHoax.htm>

28 Therefore, our scheme of state income taxation, if enforced or treated as other than entirely voluntary by both the IRS or
29 state revenue agencies in the context of states of the Union, is completely unconstitutional and breaks down the separation
30 of powers between the state and federal governments.

31 *"We start with first principles. The Constitution creates a Federal Government of enumerated powers. See U.S.*
 32 *Const., Art. I, 8. As James Madison wrote, "[t]he powers delegated by the proposed Constitution to the federal*
 33 *government are few and defined. Those which are to remain in the State governments are numerous and*
 34 *indefinite." The Federalist No. 45, pp. 292-293 (C. Rossiter ed. 1961). **This constitutionally**
 35 **mandated division of authority "was adopted by the Framers**
 36 **to ensure protection of our fundamental liberties."** [Gregory v. Ashcroft,](#)
 37 [501 U.S. 452, 458 \(1991\)](#) (internal quotation marks omitted). *"Just as the separation and independence of*
 38 *the coordinate branches of the Federal Government serves to prevent the accumulation of excessive power in**

1 any one branch, a healthy balance of power between the States and the Federal Government will reduce the
2 risk of tyranny and abuse from either front. Ibid. “
3 [U.S. v. Lopez, 514 U.S. 549 (1995)]

4 In short, based on the way state revenue codes are illegally enforced in those states that have income taxes on natural
5 persons, this illegal enforcement activity:

- 6 1. Amounts to a conspiracy against the property rights to enslave and oppress people in states of the Union by making
7 them into involuntary federal and state serfs. This violates:
 - 8 1.1. The [Thirteenth Amendment](#) prohibition against involuntary servitude
 - 9 1.2. The Fifth Amendment requirement that all takings of property must be compensated or involve due process of
10 law.
 - 11 1.3. Federal law found in [42 U.S.C. §1994](#) and [18 U.S.C. §1581](#).
- 12 2. Is an unconstitutional enlargement of federal power inside states of the Union. Under our Constitution, states cannot
13 consent to the enlargement of federal powers beyond those specifically enumerated in the Constitution. They cannot
14 therefore permit or acquiesce to IRS enforcement against citizens or residents domiciled within their borders. The
15 states were established to PROTECT the rights of their citizens and to SERVE them, not to acquiesce to federal
16 plunder of their property and sharing of the spoils of this plunder by participating in such a conspiracy against their
17 individual rights:

18 “State officials thus cannot consent to the enlargement of the powers of Congress beyond those enumerated in
19 the Constitution.”
20 [New York v. United States, 505 U.S. 142; 112 S.Ct. 2408; 120 L.Ed.2d 120 (1992)]
21

22 “It is no longer open to question that the general government, unlike the states, [Hammer v. Dagenhart, 247](#)
23 [U.S. 251, 275](#), 38 S.Ct. 529, 3 A.L.R. 649, Ann.Cas.1918E 724, possesses no inherent power in respect of the
24 internal affairs of the states; and emphatically not with regard to legislation. The question in respect of the
25 inherent power of that government as to the external affairs of the Nation and in the field of international law is
26 a wholly different matter which it is not necessary now to consider. See, however, [Jones v. United States, 137](#)
27 [U.S. 202, 212](#), 11 S.Ct. 80; [Nishimur Ekiu v. United States, 142 U.S. 651, 659](#), 12 S.Ct. 336; [Fong Yue Ting v.](#)
28 [United States, 149 U.S. 698](#), 705 et seq., 13 S.Ct. 1016; [Burnet v. Brooks, 288 U.S. 378, 396](#), 53 S.Ct. 457, 86
29 A.L.R. 747.”
30 [Carter v. Carter Coal Co., 298 U.S. 238 (1936)]

31 Nearly all states of the Union that have “income tax” impose the tax as follows:

- 32 1. Federal income tax liability is a prerequisite to state income tax liability. Therefore, if you don’t have a federal
33 liability, then the proper amount of income to put on the corresponding state tax return “zero”.
- 34 2. State income taxes are based on where your “domicile” is, not where you work. For Christians, their only domicile is
35 “Heaven” and they are only temporarily here as “pilgrims and sojourners” and “ministers of a foreign state” while they
36 are here (see Hebrews 11:13). Refer to [Great IRS Hoax, Form #11.302](#), section 4.10 for further details on the subject
37 of “domicile”.
- 38 3. The federal income tax is imposed upon “U.S. persons” as defined in [26 U.S.C. §7701\(a\)\(30\)](#). “U.S. persons” are the
39 only entities who are required to provide “identifying numbers” on the tax returns they send into the IRS under [26](#)
40 [U.S.C. §6109](#). Persons born in and residing in states of the Union can never be classified as “U.S. persons”.
41 Therefore, people born in states of the Union do not need to provide identifying numbers on their tax returns. See
42 section 5.4.12 of the [Great IRS Hoax](#), Form #11.302 for further details on this subject.
- 43 4. States assume the same “situs” for income taxation as the federal government.

44 “Situs. Lat. Situation; location; e.g. location or place of crime or business. Site; position; the place where a
45 thing is considered, for example, with reference to jurisdiction over it, or the right or power to tax it. It imports
46 fixedness of location. Situs of property, for tax purposes, is determined by whether the taxing state has
47 sufficient contact with the personal property sought to be taxed to justify in fairness the particular tax. [Town of](#)
48 [Cady v. Alexander Const. Co., 12 Wis.2d 236, 107 N.W.2d 267, 270.](#)”
49 [Black’s Law Dictionary, Sixth Edition, p. 1387]

50 This means that the indirect excise tax described in Subtitle A of the Internal Revenue Code and in state revenue codes
51 must be on the same privileged “activity” and in the same geographical location as that of the federal government. If
52 you file a form 1040, that location is the federal zone, which we also call the federal United States. The reason is
53 because the state and federal legislative jurisdictions cannot simultaneously place you in two mutually exclusive places

1 at once: inside your state and yet also inside of the federal zone. Every state that attempts to collect revenues based on
2 the existence of a federal liability is presuming an impossibility: domicile in TWO mutually exclusive places at the
3 same time.

4 5. Financial conflicts of interest are illegal under [18 U.S.C. §208](#). Most state income taxes only “impose” the tax on
5 “nonresidents” and not on “residents”. There is no way to justly or morally or ethically impose a state income tax upon
6 “residents” because this would create a conflict of interest within the judicial system. Judges would be ruling on a case
7 in which their benefits would be derived directly from the taxes that pay their salary, and what judge in his right mind
8 would ever allow a ruling that could potentially reduce his pay and benefits? Likewise, what jury would ever rule
9 against a tax that reduced their government benefits or entitlements? However, if the taxes are only paid by
10 nonresidents or on foreign commerce, then there is no possibility of any kind of conflict of interest, which ultimately
11 assures justice and prevents any corruption within the legal system. See the following link for many more reasons why
12 it is completely impractical to impose taxes on “residents”:

13 5.1. Why Federal Courts Can’t Properly Address These Questions:

14 <http://famguardian.org/TaxFreedom/Forms/Discovery/Deposition/WhyCourtsCantAddressQuestions.htm>

15 5.2. How Scoundrels Corrupted Our Republican Form of Government:

16 <http://famguardian.org/Subjects/Taxes/Evidence/HowScCorruptOurRepubGovt.htm>

17 6. The federal authority for “State” taxation within federal enclaves is found within the Buck Act in [4 U.S.C. §106](#).

18 7. Since the federal government imposes “income taxes” only on people who are domiciled inside the federal zone, then
19 state income tax is imposed upon these “persons” under the alleged authority of the “Buck Act”, which is codified in [4](#)
20 [U.S.C. §105](#) through 111.

21 8. The Buck Act does NOT give “states” of the Union authority to tax on federal land within their borders, because the
22 term “State” defined within it only includes Territories of the United States. See [4 U.S.C. §110\(d\)](#). Allowing States of
23 the Union to tax within federal enclaves breaks down the separation of powers between our state and federal
24 government, and violates Article 4, Section 4 of our Constitution, which requires a “republican form of government”,
25 which is based on separation of powers. See section 5.1.1 of the *Great IRS Hoax*, Form #11.302 for further details on
26 this subject.

27 9. Most Americans file 1040 forms with the IRS, even though it is shown throughout Chapter 5 of the *Great IRS Hoax*,
28 Form #11.302 book that this is the wrong form to use in most cases, because only “residents” (who are “aliens”
29 domiciled in the District of Columbia) and statutory “U.S. citizens” domiciled abroad and coming under an income tax
30 treaty pursuant to 26 U.S.C. §911 can use the form. In particular, see sections 5.5.2 and 5.5.3 of the *Great IRS Hoax*,
31 Form #11.302 book for further details.

32 10. States of the Union who impose income taxes must assume that you are a “nonresident” of the Republic State and a
33 “resident” of the Corporate State if you file an IRS Form 1040. This is because federal enclaves within states are not
34 part of the “state”, and so people who are domiciled in these enclaves are “nonresidents” for Republic State income tax
35 purposes.

36 11. People domiciled in states of the Union who commute daily to work temporarily in federal enclaves are classified as
37 “immigrants” and come under the protection of [8 U.S.C. §1324b\(a\)\(3\)\(A\)](#).

38 12. State income tax codes, like Subtitle A of the federal tax code, do not have a liability statute creating a legal duty to
39 pay “income taxes”. We haven’t identified a single state of the Union that actually has a liability statute in their
40 income tax code relating to “personal income taxes”. See section 5.6.1 of the *Great IRS Hoax*, Form #11.302 for
41 further details on this aspect of the federal tax scheme.

42 In order to fully comprehend the relationship between federal and state income taxes, we must always be aware that federal
43 and state territorial taxing jurisdictions are mutually exclusive and cannot overlap. This is a product of the “separation of
44 powers doctrine” and fundamental to the organization of or “republican form of government” mandated by Article 4,
45 Section 4 of the U.S. Constitution. The reason why these two jurisdictions must be mutually exclusive is that only ONE
46 government can be sovereign over a geographical region at any one given time.

47 We will now finish this section with a quote of the federal regulation that authorizes state withholding. Note that the
48 regulation authorizes withholding only on federal “employees”, as we show throughout this document. This is a result of
49 the fact that nearly all the “taxpayers” under Subtitle A of the I.R.C. are those holding “public office” in the federal
50 corporation called the United States (see 28 U.S.C. §3002(15)(A)) and coming under the [Public Salary Tax Act of 1939](#).

51 [Code of Federal Regulations]

52 [Title 31, Volume 2]

53 [Revised as of July 1, 2002]

1 From the U.S. Government Printing Office via GPO Access
2 [CITE: 31CFR215.11]
3 TITLE 31--MONEY AND FINANCE: TREASURY
4 CHAPTER II--FISCAL SERVICE, DEPARTMENT OF THE TREASURY
5 PART 215--WITHHOLDING OF DISTRICT OF COLUMBIA, STATE, CITY AND COUNTY
6 INCOME OR EMPLOYMENT TAXES BY FEDERAL AGENCIES--Table of Contents
7 Subpart C--Standard Agreement
8

9 [Sec. 215.11 Agency withholding procedures.](#)

11 (a) State income tax shall be withheld only on the entire compensation of Federal employees and members of
12 the Armed Forces. Nonresident employees, who under the State income tax law are required to allocate at least
13 three-fourths of their compensation to the State, shall be subject to withholding on their entire compensation.

14 **Nonresident [alien] employees, who under the State income tax law are required to allocate less than three-**
15 **fourths of their compensation to the State,**

16 may elect to:

17 **(1) Have State income tax withheld on their entire compensation, or**

18 **(2) Have no income tax withheld on their compensation.**

19 (b) In calculating the amount to be withheld from an employee's or a member's compensation, each agency
20 shall use the method prescribed by the State income tax statute or city or county ordinance or a method which
21 produces approximately the tax required to be withheld:

22 (1) By the State income tax statute from the compensation of each employee or member of the Armed Forces
23 subject to such income tax, or

24 (2) By the city or county ordinance from the compensation of each employee subject to such income or
25 employment tax.

26 (c) Where it is the practice of a Federal agency under Federal tax withholding procedure to make returns
27 and payment of the tax on an estimated basis, subject to later adjustment based on audited figures, this practice
28 may be applied with respect to the State, city or county income or employment tax where the agency has made
29 appropriate arrangements with the State, city or county income tax authorities.

30 (d) Copies of Federal Form W-2, "Wage and Tax Statement", may be used for reporting withheld taxes to the
31 State, city or county.

32 (e) Withholding shall not be required on wages earned but unpaid at the date of an employee's or member's
33 death.

34 (f) Withholding of District of Columbia income tax shall not apply to pay of employees who are not residents
35 of the District of Columbia as defined in 47 District of Columbia Code, chapter 15, subchapter II.

36 Notice that the above says that nonresident aliens, which includes the average American born in and domiciled within a
37 state of the Union, may elect to "Have no income tax withheld on their compensation". They don't say how that is
38 accomplished, but the only proper way to do so for those who are not federal "employees" without committing perjury
39 under penalty of perjury is to submit a form W-8BEN, and NOT a form W-4. Also note that the word "compensation" has
40 a very specific legal meaning from the Classification Act of 1923, 42 Stat. 1988, and is defined as the earnings of a person
41 holding public office in the federal government. Look for yourself:

<http://famguardian.org/TaxFreedom/History/Congress/1923-ClassAct1923-42Stat1988.pdf>

42 **4 Why states of the Union are "Foreign Countries" and "foreign states" with respect to most**
43 **federal jurisdiction**

44 The law agrees that states of the Union are foreign with respect to federal jurisdiction:

45 [TITLE 28 > PART 1 > CHAPTER 13 > Sec. 297.](#)

46 [Sec. 297. - Assignment of judges to courts of the freely associated compact states](#)

47 (a) The Chief Justice or the chief judge of the United States Court of Appeals for the Ninth Circuit may assign
48 any circuit or district judge of the Ninth Circuit, with the consent of the judge so assigned, to serve
49 temporarily as a judge of any duly constituted court of the freely associated compact states whenever an
50 official duly authorized by the laws of the respective compact state requests such assignment and such
51 assignment is necessary for the proper dispatch of the business of the respective court.

52 (b) The Congress consents to the acceptance and retention by any judge so authorized of reimbursement from
53 the countries referred to in subsection (a) of all necessary travel expenses, including transportation, and
54 of subsistence, or of a reasonable per diem allowance in lieu of subsistence. The judge shall report to the
55 Administrative Office of the United States Courts any amount received pursuant to this subsection

56 Definitions from Black's Law Dictionary:

State Income Taxes

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Form 05.031, Rev. 10-26-2008

1 *Foreign States:* "Nations outside of the United States...Term may also refer to another state; i.e. a sister state.
2 The term 'foreign nations', ...should be construed to mean all nations and states other than that in which the
3 action is brought; and hence, one state of the Union is foreign to another, in that sense."
4 [Black's Law Dictionary, Sixth Edition, p. 648]

5 *Foreign Laws:* "The laws of a foreign country or sister state."
6 [Black's Law Dictionary, Sixth Edition, p. 647]

7 **Dual citizenship.** Citizenship in two different **countries.** Status of citizens of United States who reside
8 within a state; i.e., person who are born or naturalized in the U.S. are citizens of the U.S. and the state wherein
9 they reside.
10 [Black's Law Dictionary, Sixth Edition, p. 498]

11 Legal encyclopedia Corpus Juris Secundum:

12 "Generally, the states of the Union sustain toward each other the relationship of independent sovereigns or
13 independent foreign states, except in so far as the United States is paramount as the dominating government,
14 and in so far as the states are bound to recognize the fraternity among sovereignties established by the federal
15 Constitution, as by the provision requiring each state to give full faith and credit to the public acts, records, and
16 judicial proceedings of the other states..."
17 [81A Corpus Juris Secundum (C.J.S.) legal encyclopedia, United States, §29]

18 The courts agree with this interpretation:

19 "It is no longer open to question that the general government, unlike the states, *Hammer v. Dagenhart*, 247
20 *U.S.* 251, 275, 38 S.Ct. 529, 3 A.L.R. 649, *Ann.Cas.*1918E 724, possesses no inherent power in respect of the
21 *internal affairs of the states; and emphatically not with regard to legislation.*"
22 [Carter v. Carter Coal Co., 298 U.S. 238, 56 S.Ct. 855 (1936)]

24 "The difficulties arising out of our dual form of government and the opportunities for differing opinions
25 concerning the relative rights of state and national governments are many; **but for a very long time this court**
26 **has steadfastly adhered to the doctrine that the taxing power of Congress does not extend to the states or**
27 **their political subdivisions.** The same basic reasoning which leads to that conclusion, we think, requires like
28 limitation upon the power which springs from the bankruptcy clause. *United States v. Butler*, *supra*."
29 [Ashton v. Cameron County Water Improvement District No. 1, 298 U.S. 513, 56 S.Ct. 892 (1936)]

31 "The States between each other are sovereign and independent. They are distinct and separate sovereignties,
32 except so far as they have parted with some of the attributes of sovereignty by the Constitution. **They continue**
33 **to be nations,** with all their rights, and under all their national obligations, and with all the rights of nations in
34 every particular; except in the surrender by each to the common purposes and objects of the Union, under the
35 Constitution. The rights of each State, when not so yielded up, remain absolute."
36 [Bank of Augusta v. Earle, 38 U.S. (13 Pet.) 519, 10 L.Ed. 274 (1839)]
37

38 "In determining the boundaries of apparently conflicting powers between states and the general government,
39 the proper question is, not so much what has been, in terms, reserved to the states, as what has been, expressly
40 or by necessary implication, granted by the people to the national government; for **each state possess all the**
41 **powers of an independent and sovereign nation, except so far as they have been ceded away by the**
42 **constitution.** The federal government is but a creature of the people of the states, and, like an agent appointed
43 for definite and specific purposes, must show an express or necessarily implied authority in the charter of its
44 appointment, to give validity to its acts."
45 [People ex re. Atty. Gen. V. Naglee, 1 Cal. 234 (1850)]

46 Going along with the foregoing, people who are domiciled in states of the Union are also described statutorily as
47 "nationals" but not "citizens" under all "Acts of Congress". They are "citizens" under the Constitution, but not under
48 federal statutory law. This is an important consequence of the Separation of Powers Doctrine, which is described below:

<p><u>Separation of Powers Doctrine</u> http://famguardian.org/Subjects/LawAndGovt/Articles/SeparationOfPowersDoctrine.htm</p>

1 If you would like more details on why you are a “national” and not a “citizen” within all Acts of Congress, please read the
2 free references below:

- 3 1. *Why You are a “National”, “State National”, and Constitutional but not Statutory Citizen*, Form #05.006
4 <http://sedm.org/Forms/FormIndex.htm>
- 5 2. *Federal Enforcement Authority in States of the Union*, Form #05.032
6 <http://sedm.org/Forms/FormIndex.htm>
- 7 3. *Nonresident Alien Position*, Form #05.020;
8 <http://sedm.org/Forms/FormIndex.htm>

9 A favorite tactic of members of the legal profession in arguing against the conclusions of this section is to cite the following
10 U.S. Supreme Court cites and then to say that the federal and state government enjoy concurrent jurisdiction within states
11 of the Union.

12 *"The laws of the United States are laws in the several States, and just as much binding on the citizens and*
13 *courts thereof as the State laws are. The United States is not a foreign sovereignty as regards the several States,*
14 *but is a concurrent, and, within its jurisdiction, paramount sovereignty. Every citizen of a State is a subject of*
15 *two distinct sovereignties, having concurrent jurisdiction in the State,-concurrent as to place and persons,*
16 *though distinct as to subject-matter."*
17 [*Clafin v. Houseman*, 93 U.S. 130, 136 (1876)]

18 *"And the powers of the General Government, and of the State, although both exist and are exercised within the*
19 *same territorial limits, are yet separate and distinct sovereignties, acting separately and independently of each*
20 *other, within their respective spheres."*
21 [*Ableman v. Booth*, 62 U.S. 506, 516 (1858)]

22 The issue raised above relates to the concept of what we call “dual sovereignty”. Can *two* entities be *simultaneously*
23 sovereign over a *single* geographic region and the same subject matter? Let’s investigate this intriguing matter further,
24 keeping in mind that such controversies result from a fundamental misunderstanding of what “sovereignty” really means.

25 We allege and a book on Constitutional government also alleges that it is a *legal impossibility* for two sovereign bodies to
26 enjoy concurrent jurisdiction over the same subject, and especially when it comes to jurisdiction to tax.

27 *"§79. This sovereignty pertains to the people of the United States as national citizens only, and not as citizens*
28 *of any other government. There cannot be two separate and independent sovereignties within the same limits or*
29 *jurisdiction; nor can there be two distinct and separate sources of sovereign authority within the same*
30 *jurisdiction. The right of commanding in the last resort can be possessed only by one body of people inhabiting*
31 *the same territory,' and can be executed only by those intrusted with the execution of such authority."*
32 [*Treatise on Government*, Joel Tiffany, p. 49, Section 78;
33 SOURCE: <http://famguardian.org/Publications/TreatiseOnGovernment/TreatOnGovt.pdf>]

34 What detractors are trying to do is deceive you, because they are confusing federal “States” described in federal statutes
35 with states of the Union mentioned in the Constitution. These two types of entities are mutually exclusive and “foreign”
36 with respect to each other.

37 *"The earliest case is that of Hepburn v. Ellzey, 2 Cranch, 445, 2 L.Ed. 332, in which this court held that, under*
38 *that clause of the Constitution limiting the jurisdiction of the courts of the United States to controversies*
39 *between citizens of different states, a citizen of the District of Columbia could not maintain an action in the*
40 *circuit court of the United States. It was argued that the word 'state,' in that connection, was used simply to*
41 *denote a distinct political society. 'But,' said the Chief Justice, 'as the act of Congress obviously used the word*
42 *'state' in reference to that term as used in the Constitution, it becomes necessary to inquire whether Columbia is*
43 *a state in the sense of that instrument. **The result of that examination is a conviction that the members of the***
44 ***American confederacy only are the states contemplated in the Constitution, . . . and excludes from the term***
45 ***the signification attached to it by writers on the law of nations.'** This case was followed in *Barney v.*
46 ***Baltimore**, 6 Wall. 280, 18 L.Ed. 825, and quite recently in *Hooe v. Jamieson*, 166 U.S. 395, 41 L.Ed. 1049,*
47 ***17 Sup. Ct. Rep. 596. The same rule was applied to citizens of territories in *New Orleans v. Winter*, 1 Wheat,***
48 ***91, 4 L.Ed. 44, in which an attempt was made to distinguish a territory from the District of Columbia. But it***
49 ***was said that 'neither of them is a state in the sense in which that term is used in the Constitution.'** In *Scott v.*
50 ***Jones**, 5 How. 343, 12 L.Ed. 181, and in *Miners' Bank v. Iowa ex rel. District Prosecuting Attorney*, 12 How. 1,*
51 *13 L.Ed. 867, it was held that under the judiciary act, permitting writs of error to the supreme court of a state in*
52 *cases where the validity of a state statute is drawn in question, an act of a territorial legislature was not within*
53 *the contemplation of Congress."*
54 [*Downes v. Bidwell*, 182 U.S. 244 (1901)]**

1 The definition of “State” for the purposes of federal income taxes confirms that states of the Union are NOT included
2 within the definitions used in the Internal Revenue Code, and that only federal territories are. This is no accident, but proof
3 that there really is a separation of powers and of legislative jurisdiction between states of the Union and the Federal
4 government:

5 TITLE 4 - FLAG AND SEAL, SEAT OF GOVERNMENT, AND THE STATES
6 CHAPTER 4 - THE STATES
7 [Sec. 110. Same](#); definitions
8

9 (d) The term "State" includes any [Territory](#) or possession of the United States.
10

11 [TITLE 26 > Subtitle F > CHAPTER 79 > § 7701](#)
12 [§ 7701. Definitions](#)

13 (a) Definitions

14 (10) State

15 The term "State" shall be construed to include the District of Columbia, where such construction is necessary to
16 carry out provisions of this title.

17 We like to think of the word “sovereignty” in the context of government as the combination of “exclusive authority” with
18 “exclusive responsibility”. The Constitution in effect very clearly divides *authority* and *responsibility* for specific matters
19 between the states and federal government based on the specific subject matter, and ensures that the functions of each will
20 never overlap or conflict. It delegates certain powers to each of the two sovereigns and keeps the two sovereigns from
21 competing with each other so that public peace, tranquility, security, and political harmony have the most ideal
22 environment in which to flourish.

23 If we therefore examine the Constitution and the Supreme court cases interpreting it, we find that the complex division of
24 authority that it makes between the states and the federal government accomplishes the following objectives:

- 25 1. Delegates primarily internal matters to the states. These matters involve mainly public health, morals, and welfare and
26 require exclusive legislative authority within the state.

27 *“While the states are not sovereign in the true sense of that term, but only quasi sovereign, yet in respect of all*
28 *powers reserved to them they are supreme-’as independent of the general government as that government within*
29 *its sphere is independent of the States.’ The Collector v. Day, 11 Wall. 113, 124. And since every addition to the*
30 *national legislative power to some extent detracts from or invades the power of the states, it is of vital moment*
31 *that, in order to preserve the fixed balance intended by the Constitution, the powers of the general government*
32 *[298 U.S. 238, 295] be not so extended as to embrace any not within the express terms of the several*
33 *grants or the implications necessarily to be drawn therefrom. **It is no longer open to question that the general***
34 *government, **unlike the states,** Hammer v. Dagenhart, [247 U.S. 251, 275](#), 38 S.Ct. 529, 3 A.L.R. 649,*
35 *Ann.Cas.1918E 724, **possesses no inherent power in respect of the internal affairs of the states; and***
36 ***emphatically not with regard to legislation. The question in respect of the inherent power of that government***
37 ***as to the external affairs of the Nation and in the field of international law is a wholly different matter which***
38 ***it is not necessary now to consider.** See, however, Jones v. United States, [137 U.S. 202, 212](#), 11 S.Ct. 80;*
39 *Nishimur Ekiu v. United States, [142 U.S. 651, 659](#), 12 S.Ct. 336; Fong Yue Ting v. United States, [149 U.S. 698](#)*
40 *, 705 et seq., 13 S.Ct. 1016; Burnet v. Brooks, [288 U.S. 378, 396](#), 53 S.Ct. 457, 86 A.L.R. 747.”*
41 *[Carter v. Carter Coal Co., [298 U.S. 238](#), 56 S.Ct. 855 (1936)]*
42

43 *“Thus, Congress having power to regulate commerce with foreign nations, and among the several States, and*
44 *with the Indian tribes, may, without doubt, provide for **granting** coasting **licenses**, licenses to pilots, licenses to*
45 *trade with the Indians, and any other **licenses** necessary or proper for the exercise of that great and extensive*
46 *power; and the same observation is applicable to every other power of Congress, to the exercise of which the*
47 *granting of licenses may be incident. All such licenses confer authority, and give rights to the licensee.*

48 *But very different considerations apply to the **internal commerce** or **domestic trade** of the States. Over this*
49 *commerce and trade Congress has **no power of regulation nor any direct control.** This power belongs*
50 ***exclusively** to the States. **No interference by Congress with the business of citizens transacted within a State is***
51 ***warranted by the Constitution, except such as is strictly incidental to the exercise of powers clearly granted to***
52 ***the legislature.** The power to authorize a business within a State is plainly repugnant to the exclusive power of*
53 *the State over the same subject. It is true that the power of Congress to tax is a very extensive power. It is given*

1 in the Constitution, with only one exception and only two qualifications. Congress cannot tax exports, and it
2 must impose direct taxes by the rule of apportionment, and indirect taxes by the rule of uniformity. Thus limited,
3 and thus only, it reaches every subject, and may be exercised at discretion. But, it reaches only existing
4 subjects. **Congress cannot authorize a trade or business within a State in order to tax it.**
5 [*License Tax Cases*, [72 U.S. 462](#), 18 L.Ed. 497, 5 Wall. 462, 2 A.F.T.R. 2224 (1866)]

6 2. **Delegates primarily external matters to the federal government, including diplomatic and military and postal and**
7 **commerce matters.** These include such things as:

8 2.1. Article 1, Section 8, Clause 3 of the constitution authorizes the feds to tax and regulate foreign commerce and
9 interstate commerce, but not intrastate commerce.

10 2.2. Article 1, Section 8, Clauses 11-16 authorize the establishment of a military and the authority to make war.

11 2.3. Article 1, Section 8, Clause 4 allows the fed to determine uniform rules for naturalization and immigration from
12 outside the country. However, it does not take away the authority of states to naturalize as well.

13 2.4. Article 1, Section 8, Clause 17: Exclusive authority over community property of the states called federal
14 "territory".

15 3. Ensures that the same criminal offense is never prosecuted or punished twice or simultaneously under two sets of laws.

16 *"Consequently no State court will undertake to enforce the criminal law of the Union, except as regards the*
17 *arrest of persons charged under such law. It is therefore clear, that the same power cannot be exercised by a*
18 *State court as is exercised by the courts of the United States, in giving effect to their criminal laws..."*

19 *"There is no principle better established by the common law, none more fully recognized in the federal and*
20 *State constitutions, than that an individual shall not be put in jeopardy twice for the same offense. This, it is*
21 *true, applies to the respective governments; but its spirit applies with equal force against a double punishment,*
22 *for the same act, by a State and the federal government.....*

23 *Nothing can be more repugnant or contradictory than two punishments for the same act. It would be a*
24 *mockery of justice and a reproach to civilization. It would bring our system of government into merited*
25 *contempt."*

26 [*Fox v. The State of Ohio*, 46 U.S. 410, 5 Howard 410, 12 L.Ed. 213 (1847)]

27 4. Ensures that the two sovereigns never tax the same objects or activities, because then they would be competing for
28 revenues.

29 *"Two governments acting independently of each other cannot exercise the same power for the same object."*
30 [*Fox v. The State of Ohio*, 46 U.S. 410, 5 Howard 410, 12 L.Ed. 213 (1847)]

31 As far as the last item above goes, which is that of taxation, however, the U.S. Supreme Court has stated:

32 *"The States, after they formed the Union, continued to have the same range of taxing power which they had*
33 *before, barring only duties affecting exports, imports, and on tonnage. 2 Congress, on the other hand, to lay*
34 *taxes in order 'to pay the Debts and provide for the common Defence and general Welfare of the United States',*
35 *Art. 1, Sec. 8, U.S.C.A.Const., can reach every person and every dollar in the land with due regard to*
36 *Constitutional limitations as to the method of laying taxes."*
37 [*Graves v. People of State of New York*, [306 U.S. 466](#) (1939)]
38

39 *"The difficulties arising out of our dual form of government and the opportunities for differing opinions*
40 *concerning the relative rights of state and national governments are many; but for a very long time this court*
41 *has steadfastly adhered to the doctrine that the taxing power of Congress does not extend to the states or*
42 *their political subdivisions. The same basic reasoning which leads to that conclusion, we think, requires like*
43 *limitation upon the power which springs from the bankruptcy clause. *United States v. Butler*, supra."
44 [*Ashton v. Cameron County Water Improvement District No. 1*, [298 U.S. 513](#); 56 S.Ct. 892 (1936)]
45*

46 *"The grant of the power to lay and collect taxes is, like the power to regulate commerce, made in general*
47 *terms, and has never been understood to interfere with the exercise of the same power by the State; and*
48 *hence has been drawn an argument which has been applied to the question under consideration. But the two*
49 *grants are not, it is conceived, similar in their terms or their nature. Although many of the powers formerly*
50 *[22 U.S. 1, 199] exercised by the States, are transferred to the government of the Union, yet the State*
51 *governments remain, and constitute a most important part of our system. The power of taxation is indispensable*
52 *to their existence, and is a power which, in its own nature, is capable of residing in, and being exercised by,*
53 *different authorities at the same time. We are accustomed to see it placed, for different purposes, in different*
54 *hands. Taxation is the simple operation of taking small portions from a perpetually accumulating mass,*
55 *susceptible of almost infinite division; and a power in one to take what is necessary for certain purposes, is not,*

1 in its nature, incompatible with a power in another to take what is necessary for other purposes. Congress is
2 authorized to lay and collect taxes, and to pay the debts, and provide for the common defence and general
3 welfare of the United States. This does not interfere with the power of the States to tax [internally] for the
4 support of their own governments; nor is the exercise of that power by the States [to tax INTERNALLY], an
5 exercise of any portion of the power that is granted to the United States [to tax EXTERNALLY]. In imposing
6 taxes for State purposes, they are not doing what Congress is empowered to do. Congress is not empowered
7 to tax for those purposes which are within the exclusive province of the States. When, then, each
8 government exercises the power of taxation, neither is
9 exercising the power of the other. But, when a State proceeds to regulate commerce
10 with foreign nations, or among the several States, it is exercising the very power that is granted to Congress,
11 [22 U.S. 1, 200] and is doing the very thing which Congress is authorized to do. There is no analogy, then,
12 between the power of taxation and the power of regulating commerce. “
13 [Gibbons v. Ogden, 22 U.S. 21 (1824)]

15 “In Slaughter-house Cases, 16 Wall. 62, it was said that the police power is, from its nature, incapable of any
16 exact definition or limitation; and in Stone v. Mississippi, 101 U.S. 818, that it is ‘easier to determine whether
17 particular cases come within the general scope of the power than to give an abstract definition of the power
18 itself, which will be in all respects accurate.’ That there is a power, sometimes called the police power, which
19 has never been surrendered by the states, in virtue of which they may, within certain limits, control
20 everything within their respective territories, and upon the proper exercise of which, under some
21 circumstances, may depend the public health, the public morals, or the public safety, is conceded in all the
22 cases. Gibbons v. Ogden, 9 Wheat. 203. In its broadest sense, as sometimes defined, it includes all legislation
23 and almost every function of civil government. Barbier v. Connolly, 113 U.S. 31; S. C. 5 Sup. Ct. Rep. 357. [. . .]
24 Definitions of the police power must, however, be taken subject to the condition that
25 the state cannot, in its exercise, for any purpose whatever, encroach upon the powers
26 of the general [federal] government, or rights granted or secured by the supreme law of
27 the land.

28 “Illustrations of interference with the rightful authority of the general government by
29 state legislation-which was defended upon the ground that it was enacted under the
30 police power-are found in cases where enactments concerning the introduction of
31 foreign paupers, convicts, and diseased persons were held to be unconstitutional as
32 conflicting, by their necessary operation and effect, with the paramount authority of
33 congress to regulate commerce with foreign nations, and among the several states. In
34 Henderson v. Mayor of New York, 92 U.S. 263, the court, speaking by Mr. Justice MILLER, while declining to
35 decide whether in the absence of congressional action the states can, or how far they may, by appropriate
36 legislation protect themselves against actual paupers, vagrants, criminals, [115 U.S. 650, 662] and
37 diseased persons, arriving from foreign countries, said, that no definition of the police power, and ‘no urgency
38 for its use, can authorize a state to exercise it in regard to a subject-matter which has been confided exclusively
39 to the discretion of congress by the constitution.’ Chy Lung v. Freeman, 92 U.S. 276. And in Railroad
40 Co. v. Husen, 95 U.S. 474, Mr. Justice STRONG, delivering the opinion
41 of the court, said that ‘the police power of a state cannot obstruct foreign
42 commerce or interstate commerce beyond the necessity for its exercise;
43 and, under color of it, objects not within its scope cannot be secured at
44 the expense of the protection afforded by the federal constitution.’ “
45 [New Orleans Gas Company v. Louisiana Light Company, 115 U.S. 650 (1885)]

46 And the Federalist Paper # 45 confirms this view in regards to taxation:

47 “It is true, that the Confederacy is to possess, and may exercise, the power of collecting internal as well as
48 external taxes throughout the States; but it is probable that this power will not be resorted to, except for
49 supplemental purposes of revenue; that an option will then be given to the States to supply their quotas by
50 previous collections of their own; and that the eventual collection, under the immediate authority of the
51 Union, will generally be made by the officers, and according to
52 the rules, appointed by the several States. Indeed it is
53 extremely probable, that in other instances, particularly in the
54 organization of the judicial power, the officers of the States

1 **will be clothed with the correspondent authority of the Union.**
2 “

3 “Should it happen, however, that separate collectors of internal revenue should be appointed under the federal
4 government, the influence of the whole number would not bear a comparison with that of the multitude of State
5 officers in the opposite scale. “

6 “Within every district to which a federal collector would be allotted, there would not be less than thirty or forty,
7 or even more, officers of different descriptions, and many of them persons of character and weight, whose
8 influence would lie on the side of the State. **The powers delegated by the proposed Constitution to the federal
9 government are few and defined. Those which are to remain in the State governments are numerous and
10 indefinite. The former will be exercised principally on external objects, as war, peace, negotiation, and
11 foreign commerce; with which last the power of taxation will, for the most part, be connected. The powers
12 reserved to the several States will extend to all the objects which, in the ordinary course of affairs, concern
13 the lives, liberties, and properties of the people, and the internal order, improvement, and prosperity of the
14 State. The operations of the federal government will be most extensive and important in times of war and
15 danger; those of the State governments, in times of peace and security. As the former periods will probably
16 bear a small proportion to the latter, the State governments will here enjoy another advantage over the
17 federal government. The more adequate, indeed, the federal powers may be rendered to the national defense,
18 the less frequent will be those scenes of danger which might favor their ascendancy over the governments of
19 the particular States.”**

20 [Federalist Paper No 45 (Jan. 1788), James Madison]

21 The introduction of the Sixteenth Amendment did not change any of the above, because Subtitle A income taxes only apply
22 to persons domiciled within the federal United States, or *federal zone*, including persons temporarily abroad per 26 U.S.C.
23 §911. Even the Supreme Court agreed in the case of *Stanton v. Baltic Mining* that the Sixteenth Amendment “conferred no
24 new powers of taxation”, and they wouldn’t have said it and repeated it if they didn’t mean it. Whether or not the Sixteenth
25 Amendment was properly ratified is inconsequential and a nullity, because of the limited applicability of Subtitle A of the
26 Internal Revenue Code primarily to persons domiciled in the federal zone no matter where resident. The Sixteenth
27 Amendment authorized that:

28 *United States Constitution*
29 *Sixteenth Amendment*

30 *The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without*
31 *apportionment among the several States, and without regard to any census or enumeration.*

32 And in fact, the above described amendment is *exactly* what an income tax under Subtitle A that only operates against
33 persons domiciled within the federal zone does: collect taxes on incomes without apportionment. Furthermore, because the
34 federal zone is not protected by the Constitution or the Bill of Rights (see *Downes v. Bidwell*, 182 U.S. 244 (1901)), then
35 there can be no violation of constitutional rights from the enforcement of the I.R.C. there. As a matter of fact, since due
36 process of law is a requirement only of the Bill of Rights, and the Bill of Rights doesn’t apply in the federal zone, then
37 technically, Congress doesn’t even need a law to legitimately collect taxes in these areas! The federal zone, recall, is a
38 totalitarian socialist democracy, not a republic, and the legislature and the courts can do anything they like there without
39 violating the Bill of Rights or our Constitutional rights.

40 With all the above in mind, let’s return to the original Supreme Court cites we referred to at the beginning of the section.
41 The Constitution and the Bill of Rights, which are the “laws” of the United States, apply equally to both the union states
42 AND the federal government, as the cites explain. That is why either state or federal officers both have to take an oath to
43 support and defend the Constitution before they take office. However, the statutes or legislation passed by Congress, which
44 are called “Acts of Congress” have much more limited jurisdiction inside the Union states, and in most cases, do not apply
45 at all. For example:

46 [TITLE 18 > PART III > CHAPTER 301 > Sec. 4001.](#)
47 [Sec. 4001. - Limitation on detention; control of prisons](#)

48 (a) No citizen shall be imprisoned or otherwise detained by the United States except pursuant to an Act of
49 Congress.

1 The reason for the above is because the federal government has no police powers inside the states because these are
2 reserved by the Tenth Amendment to the state governments. Likewise, the feds have no territorial jurisdiction for most
3 subject matters inside the states either. See *U.S. v. Bevans*, 16 U.S. 336 (1818).

4 Now if we look at the meaning of “Act of Congress”, we find such a definition in [Rule 54\(c\) of the Federal Rules of](#)
5 [Criminal Procedure](#) prior to Dec. 2002, wherein is defined "Act of Congress." Rule 54(c) states:

6 *Federal Rule of Civil Procedure 54(c), prior to Dec. 2002*
7 *"Act of Congress" includes any act of Congress locally applicable to and in force in the District of Columbia, in*
8 *Puerto Rico, in a territory or in an insular possession."*

9 Keep in mind, the Internal Revenue Code is an “Act of Congress.” The reason such “Acts of Congress” cannot apply
10 within the sovereign states is because the federal government lacks what is called “police powers” inside the union states,
11 and the Internal Revenue Code requires police powers to implement and enforce. THEREFORE, THE QUESTION IS, ON
12 WHICH OF THE FOUR LOCATIONS NAMED IN RULE 54(c) IS THE UNITED STATES DISTRICT COURT
13 ASSERTING JURISDICTION WHEN THE U.S. ATTORNEY HAULS YOUR ASS IN COURT ON AN INCOME TAX
14 CRIME? Hint, everyone knows what and where the District of Columbia is, and everyone knows where Puerto Rico is, and
15 territories and insular possessions are defined in [Title 48 United States Code](#), happy hunting!

16 The preceding discussion within this section is also confirmed by the content of [4 U.S.C. §72](#). Subtitle A is primarily a
17 “privilege” tax upon a “trade or business”. A “trade or business” is defined in [26 U.S.C. §7701\(a\)\(26\)](#) as “the functions of
18 a public office”:

19 [TITLE 26 > Subtitle F > CHAPTER 79 > § 7701](#)
20 [§ 7701. Definitions](#)
21 *(a) Definitions*
22 *(26) Trade or business*
23 *"The term 'trade or business' includes the performance of the functions of a [public office](#)."*

24 Title 4 of the U.S. Code then says that all “public offices” MUST exist ONLY in the District of Columbia and no place
25 else, except as expressly provided by law:

26 [TITLE 4 > CHAPTER 3 > § 72](#)
27 [§ 72. Public offices; at seat of Government](#)
28 *All offices attached to the seat of government shall be exercised in the District of Columbia, and not elsewhere,*
29 *except as otherwise expressly provided by law.*

30 If the we then search all the titles of the U.S. Code electronically, we find only *one* instance where “public offices” are
31 “expressly provided” by law to a place other than the seat of government in connection with the Internal Revenue Code.
32 That reference is found in [48 U.S.C. §1612](#), which expressly provides that public offices for the U.S. Attorney are extended
33 to the Virgin Islands to enforce the provisions of the Internal Revenue Code.

34 Moving on, we find in [26 U.S.C. §7601](#) that the IRS has enforcement authority for the Internal Revenue Code only within
35 what is called “internal revenue districts”. [26 U.S.C. §7621](#) authorizes the President to establish these districts. Under
36 [Executive Order 10289](#), the President delegated the authority to define these districts to the Secretary of the Treasury in
37 1952. We then search the Treasury Department website for Treasury Orders documenting the establishment of these
38 internal revenue districts:

39 <http://www.ustreas.gov/regs/>

40 The only orders documenting the existence of “internal revenue districts” is Treasury Orders 150-01 and 150-02. Treasury
41 Order 150-01 established internal revenue districts that included federal land within states of the Union, but it was repealed

1 in 1998 as an aftermath of the IRS Restructuring and Reform Act and replaced with Treasury Order 150-02. Treasury
2 Order 150-02 says that all IRS administration must be conducted in the District of Columbia. Therefore, pursuant to 26
3 U.S.C. §7601, the IRS is only authorized to enforce the I.R.C. within the District of Columbia, which is the only remaining
4 internal revenue district. This leads us full circle right back to our initial premise, which is:

- 5 1. The definition of the term “United States” found in 26 U.S.C. §7701(a)(9) and (a)(10), which is defined as the District
6 of Columbia, means what it says and says what it means.
- 7 2. Subtitle A of the Internal Revenue Code may only be enforced within the only remaining internal revenue district,
8 which is the District of Columbia.
- 9 3. There is no provision of law which “expressly extends” the enforcement of the Internal Revenue Code to any land
10 under exclusive state jurisdiction.
- 11 4. The Separation of Powers Doctrine therefore does not allow anyone in a state of the Union to partake of the federal
12 “privilege” known as a “trade or business”, which is the main subject of tax under Subtitle A of the I.R.C. This must
13 be so because it involves a public office and all public offices must exist ONLY in the District of Columbia.
- 14 5. The only source of federal jurisdiction to tax is foreign commerce because the Constitution does not authorize any
15 other type of tax internal to a state of the Union other than a direct, apportioned tax. Since the I.R.C. Subtitle A tax is
16 not apportioned and since it is upon a privileged “trade or business” activity, then it is indirect and therefore need not
17 be apportioned.

18 Q.E.D.-Quod Erod Demonstrandum (proven beyond a shadow of a doubt)

19 We will now provide an all-inclusive list of subject matters for which the federal government definitely does have
20 jurisdiction within a state, and the Constitutional origin of that power. For all subjects of federal legislation other than
21 these, the states of the Union and the federal government are FOREIGN COUNTRIES and FOREIGN STATES with
22 respect to each other:

- 23 1. Foreign commerce pursuant to Article 1, Section 8, Clause 3 of the United States Constitution. This jurisdiction is
24 described within 9 U.S.C. §1 et seq.
- 25 2. Counterfeiting pursuant to Article 1, Section 8, Clause 5 of the United States Constitution.
- 26 3. Postal matters pursuant to Article 1, Section 8, Clause 7 of the United States Constitution.
- 27 4. Treason pursuant to Article 4, Section 2, Clause 2 of the United States Constitution.
- 28 5. Federal contracts, franchises, and property pursuant to Article 4, Section 3, Clause 2 of the United States Constitution.
29 This includes federal employment, which is a type of contract or franchise, wherever conducted, including in a state of
30 the Union.

31 In relation to that last item above, which is federal contracts and franchises, Subtitle A of the Internal Revenue Code fits
32 into that category, because it is a franchise and not a “tax”, which relates primarily to federal employment and contracts.
33 The alleged “tax” in fact is a kickback scheme that can only lawfully affect federal contractors and employers, but not
34 private persons. Those who are party to this contract or franchise are called “effectively connected with a trade or
35 business”. Saying a person is “effectively connected” really means that they consented to the contract explicitly in writing
36 or implicitly by their conduct. To enforce the “trade or business” franchise as a contract in a place where the federal
37 government has no territorial jurisdiction requires informed, voluntary consent in some form from the party who is the
38 object of the enforcement of the contract. The courts call this kind of consent “comity”. To wit:

39 *"Judge Story, in his treatise on the Conflicts of Laws, lays down, as the basis upon which all reasonings on the*
40 *law of comity must necessarily rest, the following maxims: First 'that every nation possesses an exclusive*
41 *sovereignty and jurisdiction within its own territory'; secondly, that no state or nation can by its laws directly*
42 *affect or bind property out of its own territory, or bind persons not resident therein, whether they are natural*
43 *born subjects or others.' The learned judge then adds: 'From these two maxims or propositions there follows a*
44 *third, and that is that whatever force and obligation the laws of one country have in another depend solely upon*
45 *the laws and municipal regulation of the latter; that is to say, upon its own proper jurisdiction and polity, and*
46 *upon its own express or tacit consent.' Story on Conflict of Laws §23."*
47 *[Baltimore & Ohio Railroad Co. v. Chambers, 73 Ohio St. 16, 76 N.E. 91; 11 L.R.A., N.S., 1012 (1905)]*

48 When the federal government wishes to enforce one of its contracts or franchises in a place where it has no territorial
49 jurisdiction, such as in China, it would need to litigate in the courts in China just like a private person. However, if the
50 contract is within a state of the Union, the Separation of Powers Doctrine requires that all “federal questions”, including
51 federal contracts, which are “property” of the United States, must be litigated in a federal court. This requirement was

1 eloquently explained by the U.S. Supreme Court in *Alden v. Maine*, 527 U.S. 706 (1999). Consequently, even though the
2 federal government enjoys no territorial jurisdiction within a state of the Union for other than the above subject matters
3 explicitly authorized by the Constitution itself, it still has subject matter jurisdiction within federal court over federal
4 property, contracts and franchises, which are synonymous. Since the Internal Revenue Code is a federal contract or
5 franchise, then the federal courts have jurisdiction over this issue with persons who participate in the “trade or business”
6 franchise.

7 Finally, below is a very enlightening U.S. Supreme Court case that concisely explains the constitutional relationship
8 between the exclusive and plenary internal sovereignty of the states or the Union and the exclusive external sovereignty of
9 the federal government:

10 *“It will contribute to the elucidation of the question if we first consider the differences between the powers of*
11 *the federal government in respect of foreign or external affairs and those in respect of domestic or internal*
12 *affairs. That there are differences between them, and that these differences are fundamental, may not be*
13 *doubted.*

14 *The two classes of powers are different, both in respect of their origin and their nature. The broad statement*
15 *that the federal government can exercise no powers except [299 U.S. 304, 316] those specifically*
16 *enumerated in the Constitution, and such implied powers as are necessary and proper to carry into effect the*
17 *enumerated powers, is categorically true only in respect of our internal affairs. In that field, the primary*
18 *purpose of the Constitution was to carve from the general mass of legislative powers then possessed by the*
19 *states such portions as it was thought desirable to vest in the federal government, leaving those not included*
20 *in the enumeration still in the states.* *Carter v. Carter Coal Co., 298 U.S. 238, 294 , 56 S.Ct. 855, 865. That*
21 *this doctrine applies only to powers which the states had is self-evident. And since the states severally never*
22 *possessed international powers, such powers could not have been carved from the mass of state powers but*
23 *obviously were transmitted to the United States from some other source. During the Colonial period, those*
24 *powers were possessed exclusively by and were entirely under the control of the Crown. By the Declaration of*
25 *Independence, ‘the Representatives of the United States of America’ declared the United (not the several)*
26 *Colonies to be free and independent states, and as such to have ‘full Power to levy War, conclude Peace,*
27 *contract Alliances, establish Commerce and to do all other Acts and Things which Independent States may of*
28 *right do.’*

29 *As a result of the separation from Great Britain by the colonies, acting as a unit, the powers of external*
30 *sovereignty passed from the Crown not to the colonies severally, but to the colonies in their collective and*
31 *corporate capacity as the United States of America. Even before the Declaration, the colonies were a unit in*
32 *foreign affairs, acting through a common agency-namely, the Continental Congress, composed of delegates*
33 *from the thirteen colonies.* *That agency exercised the powers of war and peace, raised an army, created a*
34 *navy, and finally adopted the Declaration of Independence. Rulers come and go; governments end and forms of*
35 *government change; but sovereignty survives. A political society cannot endure [299 U.S. 304, 317] without a*
36 *supreme will somewhere. Sovereignty is never held in suspense. When, therefore, the external sovereignty of*
37 *Great Britain in respect of the colonies ceased, it immediately passed to the Union. See Penhallow v. Doane, 3*
38 *Dall. 54, 80, 81, Fed.Cas. No. 10925. That fact was given practical application almost at once. The treaty of*
39 *peace, made on September 3, 1783, was concluded between his Britannic Majesty and the ‘United States of*
40 *America.’ 8 Stat., European Treaties, 80.*

41 *The Union existed before the Constitution, which was ordained and established among other things to form ‘a*
42 *more perfect Union.’ Prior to that event, it is clear that the Union, declared by the Articles of Confederation to*
43 *be ‘perpetual,’ was the sole possessor of external sovereignty, and in the Union it remained without change*
44 *save in so far as the Constitution in express terms qualified its exercise. The Framers’ Convention was called*
45 *and exerted its powers upon the irrefutable postulate that though the states were several their people in*
46 *respect of foreign affairs were one.* *Compare The Chinese Exclusion Case, 130 U.S. 581, 604 , 606 S., 9 S.Ct.*
47 *623. In that convention, the entire absence of state power to deal with those affairs was thus forcefully stated by*
48 *Rufus King:*

49 *‘The states were not ‘sovereigns’ in the sense contended for by some. They did not possess the*
50 *peculiar features of [external] sovereignty,-they could not make war, nor peace, nor alliances,*
51 *nor treaties. Considering them as political beings, they were dumb, for they could not speak to*
52 *any foreign sovereign whatever. They were deaf, for they could not hear any propositions from*
53 *such sovereign. They had not even the organs or faculties of defence or offence, for they could*
54 *not of themselves raise troops, or equip vessels, for war.’ 5 Elliot’s Debates, 212.1 [299 U.S.*
55 *304, 318] It results that the investment of the federal government with the powers of external*
56 *sovereignty did not depend upon the affirmative grants of the Constitution. The powers to*
57 *declare and wage war, to conclude peace, to make treaties, to maintain diplomatic relations*
58 *with other sovereignties, if they had never been mentioned in the Constitution, would have*
59 *vested in the federal government as necessary concomitants of nationality. Neither the*
60 *Constitution nor the laws passed in pursuance of it have any force in foreign territory unless in*
61 *respect of our own citizens (see American Banana Co. v. United Fruit Co., 213 U.S. 347, 356,*

1 29 S.Ct. 511, 16 Ann.Cas. 1047); and operations of the nation in such territory must be
2 governed by treaties, international understandings and compacts, and the principles of
3 international law. As a member of the family of nations, the right and power of the United
4 States in that field are equal to the right and power of the other members of the international
5 family. Otherwise, the United States is not completely sovereign. The power to acquire
6 territory by discovery and occupation (Jones v. United States, 137 U.S. 202, 212, 11 S.Ct.
7 80), the power to expel undesirable aliens (Fong Yue Ting v. United States, 149 U.S. 698, 705
8 et seq., 13 S.Ct. 1016), the power to make such international agreements as do not constitute
9 treaties in the constitutional sense (Altman & Co. v. United States, 224 U.S. 583, 600, 601 S.,
10 32 S.Ct. 593; Crandall, *Treaties, Their Making and Enforcement* (2d Ed.) p. 102 and note 1),
11 none of which is expressly affirmed by the Constitution, nevertheless exist as inherently
12 inseparable from the conception of nationality. This the court recognized, and in each of the
13 cases cited found the warrant for its conclusions not in the provisions of the Constitution, but
14 in the law of nations.

15 In *Burnet v. Brooks*, 288 U.S. 378, 396, 53 S.Ct. 457, 461, 86 A.L.R. 747, we said, 'As a nation with all the
16 attributes of sovereignty, the United States is vested with all the powers of government necessary to maintain an
17 effective control of international relations.' Cf. *Carter v. Carter Coal Co.*, supra, 298 U.S. 238, at page 295, 56
18 S.Ct. 855, 865. [299 U.S. 304, 319] **Not only, as we have shown, is the federal power over external affairs in
19 origin and essential character different from that over internal affairs, but participation in the exercise of the
20 power is significantly limited. In this vast external realm, with its important, complicated, delicate and
21 manifold problems, the President alone has the power to speak or listen as a representative of the nation. He
22 makes treaties with the advice and consent of the Senate; but he alone negotiates.** Into the field of negotiation
23 the Senate cannot intrude; and Congress itself is powerless to invade it. As Marshall said in his great argument
24 of March 7, 1800, in the House of Representatives, '**The President is the sole organ of the nation in its
25 external relations, and its sole representative with foreign nations.**' *Annals, 6th Cong., col. 613*. The Senate
26 Committee on Foreign Relations at a very early day in our history (February 15, 1816), reported to the Senate,
27 among other things, as follows:

28 **'The President is the constitutional representative of the United States with regard to foreign
29 nations. He manages our concerns with foreign nations and must necessarily be most
30 competent to determine when, how, and upon what subjects negotiation may be urged with
31 the greatest prospect of success. For his conduct he is responsible to the Constitution.** The
32 committee considers this responsibility the surest pledge for the faithful discharge of his duty.
33 They think the interference of the Senate in the direction of foreign negotiations calculated to
34 diminish that responsibility and thereby to impair the best security for the national safety. The
35 nature of transactions with foreign nations, moreover, requires caution and unity of design,
36 and their success frequently depends on secrecy and dispatch.' 8 U.S.Sen.Reports Comm. on
37 Foreign Relations, p. 24.

38 It is important to bear in mind that we are here dealing not alone with an authority vested in the President by
39 an [299 U.S. 304, 320] exertion of legislative power, but with such an authority plus the very delicate, plenary
40 and exclusive power of the President as the sole organ of the federal government in the field of international
41 relations-a power which does not require as a basis for its exercise an act of Congress, but which, of course,
42 like every other governmental power, must be exercised in subordination to the applicable provisions of the
43 Constitution. It is quite apparent that if, in the maintenance of our international relations, embarrassment-
44 perhaps serious embarrassment-is to be avoided and success for our aims achieved, congressional legislation
45 which is to be made effective through negotiation and inquiry within the international field must often accord to
46 the President a degree of discretion and freedom from statutory restriction which would not be admissible were
47 domestic affairs alone involved. Moreover, he, not Congress, has the better opportunity of knowing the
48 conditions which prevail in foreign countries, and especially is this true in time of war. He has his confidential
49 sources of information. He has his agents in the form of diplomatic, consular and other officials. Secrecy in
50 respect of information gathered by them may be highly necessary, and the premature disclosure of it productive
51 of harmful results. Indeed, so clearly is this true that the first President refused to accede to a request to lay
52 before the House of Representatives the instructions, correspondence and documents relating to the negotiation
53 of the Jay Treaty-a refusal the wisdom of which was recognized by the House itself and has never since been
54 doubted. In his reply to the request, President Washington said:

55 *'The nature of foreign negotiations requires caution, and their success must often depend on
56 secrecy; and even when brought to a conclusion a full disclosure of all the measures, demands,
57 or eventual concessions which may have been proposed or contemplated would be extremely
58 [299 U.S. 304, 321] impolitic; for this might have a pernicious influence on future
59 negotiations, or produce immediate inconveniences, perhaps danger and mischief, in relation
60 to other powers. The necessity of such caution and secrecy was one cogent reason for vesting
61 the power of making treaties in the President, with the advice and consent of the Senate, the
62 principle on which that body was formed confining it to a small number of members. To admit,
63 then, a right in the House of Representatives to demand and to have as a matter of course all
64 the papers respecting a negotiation with a foreign power would be to establish a dangerous
65 precedent.'* 1 Messages and Papers of the Presidents, p. 194.

1 The marked difference between foreign affairs and domestic affairs in this respect is recognized by both
2 houses of Congress in the very form of their requisitions for information from the executive departments. In
3 the case of every department except the Department of State, the resolution directs the official to furnish the
4 information. In the case of the State Department, dealing with foreign affairs, the President is requested to
5 furnish the information 'if not incompatible with the public interest.' A statement that to furnish the information
6 is not compatible with the public interest rarely, if ever, is questioned. "
7 [*United States v. Curtiss-Wright Export Corporation*, 299 U.S. 304 (1936)]

8 If you would like to learn more about the relationship between federal and state sovereignty exercised within states of the
9 Union, we recommend an excellent, short, succinct book on the subject as follows:

Conflict in a Nutshell, 2nd Edition, David D. Seigel, West Publishing, 1994, ISBN 0-314-02952-4
<http://west.thomson.com/product/22088447/product.asp>

10 **5 The TWO states within each state of the Union**

11 The governments of each state of the Union preside over TWO mutually exclusive and separate jurisdictions, which we
12 summarize below:

- 13 1. Republic State. Land within the exclusive jurisdiction of the state fall within this area.
- 14 2. Corporate State. This area consists of federal areas within the exterior limits of the state. These areas are federal
15 territory not protected by the Constitution of the United States or the Bill of Rights and are "instrumentalities" of the
16 federal government. Jurisdiction over these areas is shared with the federal government under the auspices of the
17 following legal authorities:
 - 18 2.1. The Assimilated Crimes Act, [18 U.S.C. §13](#).
 - 19 2.2. The Rules of Decision Act, [28 U.S.C. §1652](#). This act prescribes which of the two conflicting laws shall prevail
20 in the case of crimes on federal territory.
 - 21 2.3. [28 U.S.C. §2679\(c\)](#) , which says that any action against an officer or employee of the United States in which the
22 officer or employee is acting outside their authority shall be prosecuted in a state court.
 - 23 2.4. Agreement on Coordination of Tax Administration (ACTA) between the state and the Secretary of the Treasury.
24 See section 9 later.

25 The situation above in respect to a state is not unlike our national government, which has two mutually exclusive
26 jurisdictions:

27 "*It is clear that Congress, as a legislative body, exercise two species of legislative power: the one, limited as to*
28 *its objects, but extending all over the Union: the other, an absolute, exclusive legislative power over the District*
29 *of Columbia. The preliminary inquiry in the case now before the Court, is, by virtue of which of these*
30 *authorities was the law in question passed?"*
31 [*Cohens v. Virginia*, 19 U.S. 264, 6 Wheat. 265; 5 L.Ed. 257 (1821)]

32 "*Indeed, the practical interpretation put by Congress upon the Constitution has been long continued and*
33 *uniform to the effect [182 U.S. 244, 279] that the Constitution is applicable to territories acquired by purchase*
34 *or conquest, only when and so far as Congress shall so direct. Notwithstanding its duty to 'guarantee to every*
35 *state in this Union a republican form of government' (art. 4, 4), by which we understand, according to the*
36 *definition of Webster, 'a government in which the supreme power resides in the whole body of the people,*
37 *and is exercised by representatives elected by them.'* Congress did not hesitate, in the original organization of
38 the territories of Louisiana, Florida, the Northwest Territory, and its subdivisions of Ohio, Indiana,
39 Michigan, Illinois, and Wisconsin and still more recently in the case of Alaska, to establish a form of
40 government bearing a much greater analogy to a British Crown colony than a republican state of America,
41 *and to vest the legislative power either in a governor and council, or a governor and judges, to be appointed by*
42 *the President. It was not until they had attained a certain population that power was given them to organize a*
43 *legislature by vote of the people. In all these cases, as well as in territories subsequently organized west of the*
44 *Mississippi, Congress thought it necessary either to extend to Constitution and laws of the United States over*
45 *them, or to declare that the inhabitants should be entitled to enjoy the right of trial by jury, of bail, and of the*
46 *privilege of the writ of habeas corpus, as well as other privileges of the bill of rights."*
47 [*Downes v. Bidwell*, [182 U.S. 244](#) (1901)]

48 The hard part is figuring out which of the two jurisdictions that any particular state statute or law applies to. What makes
49 this process difficult are the following complicating factors:

- 1 1. There is no constitutional requirement that the laws passed by the state legislature must clearly state which of the two
- 2 jurisdiction they apply to. This was also confirmed in the following exhibit, which is a letter from a United States
- 3 Congressman:
- 4 <http://sedm.org/Exhibits/EX0007.pdf>
- 5 2. Crafty state legislators deliberately obfuscate the laws they write so as to encourage those within the Republic to obey
- 6 laws that in fact only apply to the Corporate state so as to unlawfully increase their revenues, power, and control.
- 7 3. Courts of INjustice and the judges who serve in them refuse to acknowledge that most statutes passed by the legislature
- 8 can only lawfully affect federal areas and persons who consent to be treated as though they inhabit these areas.

9 Within federal law, the Republic portion of each state is referred to as a “foreign state”. To wit:

10 *"Foreign states. Nations which are outside the United States. Term may also refer to another state; i.e. a*
 11 *sister state."*
 12 *[Black's Law Dictionary, Sixth Edition, p. 648]*

13 *"Generally, the states of the Union sustain toward each other the relationship of independent sovereigns or*
 14 *independent foreign states, except in so far as the United States is paramount as the dominating government,*
 15 *and in so far as the states are bound to recognize the fraternity among sovereignties established by the federal*
 16 *Constitution, as by the provision requiring each state to give full faith and credit to the public acts, records, and*
 17 *judicial proceedings of the other states..."*
 18 *[81A Corpus Juris Secundum (C.J.S.) legal encyclopedia, United States, §29]*

19 *"The United States Government is a foreign corporation with respect to a state," [N.Y. v. re Merriam 36 N.E.*
 20 *505; 141 N.Y. 479; affirmed 16 S.Ct. 1073; 41 L. Ed. 287] [underlines added]*
 21 *[19 Corpus Juris Secundum (C.J.S.) legal encyclopedia, United States, §884]*

22 Even the U.S. Supreme Court admits that the Republic portion of states of the Union are “foreign states” with respect to the
 23 federal government:

24 *We have held, upon full consideration, that although under existing statutes a circuit court of the United States*
 25 *has jurisdiction upon habeas corpus to discharge from the custody of state officers or tribunals one restrained*
 26 *of his liberty in violation of the Constitution of the United States, it is not required in every case to exercise its*
 27 *power to that end immediately upon application being made for the writ. 'We cannot suppose,' this court has*
 28 *said, 'that Congress intended to compel those courts, by such means, to draw to themselves, in the first instance,*
 29 *the control of all criminal prosecutions commenced in state courts exercising authority within the same*
 30 *territorial limits, where the accused claims that he is held in custody in violation of the Constitution of the*
 31 *United States. The injunction to hear the case summarily, and thereupon 'to dispose of the party as law and*
 32 *justice require' [R. S. 761], does not deprive the court of discretion as to the time and mode in which it will*
 33 *exert the powers conferred upon it. That discretion should be exercised in the light of the relations existing,*
 34 *under our system of government, between the judicial tribunals of the Union and of the states, and in*
 35 *recognition of the fact that the public good requires that those relations be not disturbed by unnecessary*
 36 *conflict between courts equally bound to guard and protect rights secured by the Constitution. When the*
 37 *petitioner is in custody by state authority for an act done or omitted to be done in pursuance of a law of the*
 38 *United States, or of an order, process, or decree of a court or judge thereof; or where, being a subject or*
 39 *citizen of a foreign state, and domiciled therein, he is in custody, under like authority, for an act done or*
 40 *omitted under any alleged right, title, authority, privilege, protection, or exemption claimed under the*
 41 *commission, or order, or sanction of any foreign state, or under color thereof, the validity and effect whereof*
 42 *depend upon the law of nations; in such and like cases of urgency, involving the authority and operations of*
 43 *the general government, or the obligations of this country to, or its relations with, foreign nations, [180*
 44 *U.S. 499, 502] the courts of the United States have frequently interposed by writs of habeas corpus and*
 45 *discharged prisoners who were held in custody under state authority. So, also, when they are in the custody of*
 46 *a state officer, it may be necessary, by use of the writ, to bring them into a court of the United States to testify as*
 47 *witnesses.' Ex parte Royall, 117 U.S. 241, 250, 29 S. L.Ed. 868, 871, 6 Sup. Ct. Rep. 734; Ex parte Fonda, 117*
 48 *U.S. 516, 518, 29 S. L.Ed. 994, 6 Sup. Ct. Rep. 848; Re Duncan, 139 U.S. 449, 454, sub nom. Duncan v.*
 49 *McCall, 35 L.Ed. 219, 222, 11 Sup. Ct. Rep. 573; Re Wood, 140 U.S. 278, 289, Sub nom. Wood v. Bursh, 35*
 50 *L.Ed. 505, 509, 11 Sup. Ct. Rep. 738; McElvaine v. Brush, 142 U.S. 155, 160, 35 S. L.Ed. 971, 973, 12 Sup. Ct.*
 51 *Rep. 156; Cook v. Hart, 146 U.S. 183, 194, 36 S. L.Ed. 934, 939, 13 Sup. Ct. Rep. 40; Re Frederick, 149 U.S.*
 52 *70, 75, 37 S. L.Ed. 653, 656, 13 Sup. Ct. Rep. 793; New York v. Eno, 155 U.S. 89, 96, 39 S. L.Ed. 80, 83, 15*
 53 *Sup. Ct. Rep. 30; Pepke v. Cronan, 155 U.S. 100, 39 L.Ed. 84, 15 Sup. Ct. Rep. 34; Re Chapman, 156 U.S. 211,*
 54 *216, 39 S. L.Ed. 401, 402, 15 Sup. Ct. Rep. 331; Whitten v. Tomlinson, 160 U.S. 231, 242, 40 S. L.Ed. 406,*
 55 *412, 16 Sup. Ct. Rep. 297; Iasigi v. Van De Carr, 166 U.S. 391, 395, 41 S. L.Ed. 1045, 1049, 17 Sup. Ct. Rep.*
 56 *595; Baker v. Grice, 169 U.S. 284, 290, 42 S. L.Ed. 748, 750, 18 Sup. Ct. Rep. 323; Tinsley v. Anderson, 171*
 57 *U.S. 101, 105, 43 S. L.Ed. 91, 96, 18 Sup. Ct. Rep. 805; Fitts v. McGhee, 172 U.S. 516, 533, 43 S. L.Ed. 535,*
 58 *543, 19 Sup. Ct. Rep. 269; Markuson v. Boucher, 175 U.S. 184, 44 L.Ed. 124, 20 Sup. Ct. Rep. 76.*

1 There are cases that come within the exceptions to the general rule. In *Loney's Case*, [134 U.S. 372](#), 375, sub
2 nom. *Thomas v. Loney*, 33 L.Ed. 949, 951, 10 Sup. Ct. Rep. 584, 585, it appeared that Loney was held in
3 custody by the state authorities under a charge of perjury committed in giving his deposition as a witness before
4 a notary public in Richmond, Virginia, in the case of a contested election of a member of the House of
5 Representatives of the United States. He was discharged upon a writ of habeas corpus sued out from the circuit
6 court of the United States, this court saying: 'The power of punishing a witness for testifying falsely in a judicial
7 proceeding belongs peculiarly to the government in whose tribunals that proceeding is had. It is essential to the
8 impartial and efficient administration of justice in the tribunals of the nation, that witnesses should be able to
9 testify freely before them, unrestrained by legislation of the state, or by fear of punishment in the state courts.
10 The administration of justice in the national tribunals would be greatly embarrassed and impeded if a witness
11 testifying before a court of the United States, or upon a contested election of a member of Congress, were liable
12 to prosecution and punishment in the courts of the state upon a charge of perjury, preferred by a disappointed
13 suitor or contestant, or instigated by local passion or prejudice.' So, in *Ohio v. Thomas*, [173 U.S. 276, 284](#), 285
14 S., 43 L.Ed. 699, 702, 19 Sup. Ct. Rep. 453, 456, which was the case of the arrest of the acting governor [[180](#)
15 [U.S. 499, 503](#)] of the Central Branch of the National Home for Disabled Volunteer Soldiers, at Dayton,
16 Ohio, upon a charge of violating a law of that state, the action of the circuit court of the United States
17 discharging him upon habeas corpus, while in custody of the state authorities, was upheld upon the ground that
18 the state court had no jurisdiction in the premises, and because the accused, being a Federal officer, 'may, upon
19 conviction, be imprisoned as a means of enforcing the sentence of a fine, and thus the operations of the Federal
20 government might in the meantime be obstructed.' The exception to the general rule was further illustrated in
21 *Boske v. Comingore*, [177 U.S. 459, 466](#), 467 S., 44 L.Ed. 846, 849, 20 Sup. Ct. Rep. 701, 704, in which the
22 applicant for the writ of habeas corpus was discharged by the circuit court of the United States, while held by
23 state officers, this court saying: 'The present case was one of urgency, in that the appellee was an officer in the
24 revenue service of the United States whose presence at his post of duty was important to the public interests,
25 and whose detention in prison by the state authorities might have interfered with the regular and orderly course
26 of the business of the department to which he belonged.'
27 [[State of Minnesota v. Brundage](#), [180 U.S. 499 \(1901\)](#)]

28
29 [**NOTE:** The federal Courts of the United States as used above do not have the authority to interpose in foreign
30 countries, but only in states of the Union for violations of the Constitution, and since they did interpose above,
31 and since they did so in a "foreign state" and described that foreign state as a state of the Union, they are
32 admitting of no federal jurisdiction within any state of the Union]

33 The Corporate State is the entity that interfaces with, contracts with, and acts as an agent for the federal government in the
34 context of said contracts. All contracts create agency on the part of those who consent. Whenever the Republic State
35 accepts a benefit from the federal government, it surrenders its sovereign immunity and acts in the dual capacity of a
36 Corporate State under the following concepts:

- 37 1. States borrowing money are treated as ordinary private creditors. This includes when they borrow money from the
38 federal government.

39 "What, then, is meant by the doctrine that contracts are made with reference to the taxing power resident in the
40 State, and in subordination to it? Is it meant that when a person lends money to a State, or to a municipal
41 division of the State having the power of taxation, there is in the contract a tacit reservation of a right in the
42 debtor to raise contributions out of the money promised to be paid before payment? That cannot be, because if
43 it could, the contract (in the language of Alexander Hamilton) would 'involve two contradictory things: an
44 obligation to do, and a right not to do; an obligation to pay a certain sum, and a right to retain it in the shape
45 of a tax. It is against the rules, both of law and of reason, to admit by implication in the construction of a
46 contract a principle which goes in destruction of it.' The truth is, States and cities, when they borrow money and
47 contract to repay it with interest, are not acting as sovereignties. They come down to the level of ordinary
48 individuals. Their contracts have the same meaning as that of similar contracts between private persons. Hence,
49 instead of there being in the undertaking of a State or city to pay, a reservation of a sovereign right to withhold
50 payment, the contract should be regarded as an assurance that such a right will not be exercised. A promise to
51 pay, with a reserved right to deny or change the effect of the promise, is an absurdity."
52 [*Murray v. City of Charleston*, 96 U.S. 432 (1877)]

- 53 2. States which engage in ordinary private business or contracts implicitly surrender their sovereign immunity.

54 When a State engages in ordinary commercial ventures, it acts like a private person, outside the area of its
55 "core" responsibilities, and in a way unlikely to prove essential to the fulfillment of a basic governmental
56 obligation. A Congress that decides to regulate those state commercial activities rather than to exempt the
57 State likely believes that an exemption, by treating the State differently from identically situated private
58 persons, would threaten the objectives of a federal regulatory program aimed primarily at private conduct.
59 Compare, e.g., 12 U. S. C. §1841(b) (1994 ed., Supp. III) (exempting state companies from regulations
60 covering federal bank holding companies); 15 U. S. C. §77c(a)(2) (exempting state-issued securities from
61 federal securities laws); and 29 U. S. C §652(5) (exempting States from the definition of "employer[s]" subject
62 to federal occupational safety and health laws), with 11 U. S. C. §106(a) (subjecting States to federal
63 bankruptcy court judgments); 15 U. S. C. §1122(a) (subjecting States to suit for violation of Lanham Act); 17

U. S. C. §511(a) (subjecting States to suit for copyright infringement); 35 U. S. C. §271(h) (subjecting States to suit for patent infringement). And a Congress that includes the State not only within its substantive regulatory rules but also (expressly) within a related system of private remedies likely believes that a remedial exemption would similarly threaten that program. See *Florida Prepaid Postsecondary Ed. Expense Bd. v. College Savings Bank*, ante, at ___ (Stevens, J., dissenting). It thereby avoids an enforcement gap which, when allied with the pressures of a competitive marketplace, could place the State's regulated private competitors at a significant disadvantage.

These considerations make Congress' need to possess the power to condition entry into the market upon a waiver of sovereign immunity (as "necessary and proper" to the exercise of its commerce power) unusually strong, for to deny Congress that power would deny Congress the power effectively to regulate private conduct. Cf. *California v. Taylor*, 353 U. S. 553, 566 (1957). At the same time they make a State's need to exercise sovereign immunity unusually weak, for the State is unlikely to have to supply what private firms already supply, nor may it fairly demand special treatment, even to protect the public purse, when it does so. Neither can one easily imagine what the Constitution's founders would have thought about the assertion of sovereign immunity in this special context. These considerations, differing in kind or degree from those that would support a general congressional "abrogation" power, indicate that Parden's holding is sound, irrespective of this Court's decisions in *Seminole Tribe of Fla. v. Florida*, 517 U. S. 44 (1996), and *Alden v. Maine*, ante, p. ____.

[*College Savings Bank v. Florida Prepaid Postsecondary Education Expense*, 527 U.S. 666 (1999)]

3. States which avail themselves of federal benefits or contracts with the federal government forfeit their sovereign immunity. To conclude otherwise would be to sanction what amounts to theft. In addition to the below, see also *West Virginia v. United States*, 497 U.S. 305, 107 S.Ct. 702 (1987)

"The Government urges that the Power Company is estopped to question the validity of the Act creating the Tennessee Valley Authority, and hence that the stockholders, suing in the right of the corporation, cannot [297 U.S. 323] maintain this suit. The principle is invoked that one who accepts the benefit of a statute cannot be heard to question its constitutionality. Great Falls Manufacturing Co. v. Attorney General, 124 U.S. 581; Wall v. Parrot Silver & Copper Co., 244 U.S. 407; St. Louis Casting Co. v. Prendergast Construction Co., 260 U.S. 469."

[*Ashwander v. Tennessee Valley Auth.*, 297 U.S. 288 (1936)]

A nondiscriminatory taxing measure that operates to defray the cost of a federal program by recovering a fair approximation of each beneficiary's share of the cost is surely no more offensive to the constitutional scheme than is either a tax on the income earned by state employees or a tax on a State's sale of bottled water. 18 The National Government's interest in being compensated for its expenditures is only too apparent. More significantly perhaps, such revenue measures by their very nature cannot possess the attributes that led Mr. Chief Justice Marshall to proclaim that the power to tax is the power [435 U.S. 444, 461] to destroy. There is no danger that such measures will not be based on benefits conferred or that they will function as regulatory devices unduly burdening essential state activities. It is, of course, the case that a revenue provision that forces a State to pay its own way when performing an essential function will increase the cost of the state activity. But *Graves v. New York ex rel. O'Keefe*, and its precursors, see 306 U.S., at 483 and the cases cited in n. 3, teach that an economic burden on traditional state functions without more is not a sufficient basis for sustaining a claim of immunity. Indeed, since the Constitution explicitly requires States to bear similar economic burdens when engaged in essential operations, see U.S. Const., Amdts. 5, 14; *Pennsylvania Coal Co. v. Mahon*, 260 U.S. 393 (1922) (State must pay just compensation when it "takes" private property for a public purpose); U.S. Const., Art. I, 10, cl. 1; *United States Trust Co. v. New Jersey*, 431 U.S. 1 (1977) (even when burdensome, a State often must comply with the obligations of its contracts), it cannot be seriously contended that federal exactions from the States of their fair share of the cost of specific benefits they receive from federal programs offend the constitutional scheme.

Our decisions in analogous context support this conclusion. We have repeatedly held that the Federal Government may impose appropriate conditions on the use of federal property or privileges and may require that state instrumentalities comply with conditions that are reasonably related to the federal interest in particular national projects or programs. See, e. g., *Ivanhoe Irrigation Dist. v. McCracken*, 357 U.S. 275, 294 - 296 (1958); *Oklahoma v. Civil Service Comm'n*, 330 U.S. 127, 142 -144 (1947); *United States v. San Francisco*, 310 U.S. 16 (1940); cf. *National League of Cities v. Usery*, 426 U.S. 833, 853 (1976); *Fry v. United States*, 421 U.S. 542 (1975). A requirement that States, like all other users, pay a portion of the costs of the benefits they enjoy from federal programs is surely permissible since it is closely related to the [435 U.S. 444, 462] federal interest in recovering costs from those who benefit and since it effects no greater interference with state sovereignty than do the restrictions which this Court has approved.

[*Massachusetts v. United States*, 435 U.S. 444 (1978)]

The Corporate State essentially acts as an agency or instrumentality or "public officer" of the U.S. government, assisting in the management and control over federal areas within their borders in the context of all federal benefit programs which they participate in. In that capacity, they implicitly surrender sovereign immunity and agree to accept the supervision of the

1 federal courts in what amounts to their essentially private business concerns with the federal government. In the context of
2 income taxation, this federal “agency” is created by an ACTA Agreement between the state and the federal government,
3 and it represents a delegation of authority by the federal government to allow the state government to enforce their taxes
4 and laws ONLY within the Corporate State and the federal areas within the exterior limits of the state which comprise it.
5 See section 9 later. These federal areas qualify as “possessions” of the United States, and therefore “States” within federal
6 law:

7 [TITLE 4 > CHAPTER 4 > § 110](#)
8 [§ 110. Same; definitions](#)

9 (d) The term “State” includes any Territory or possession of the United States.

10 The term “possession” is nowhere defined in the law that we have been able to locate. However, Black’s Law Dictionary
11 indicates that all “rights” or franchises constitute “property”.

12 *“Property. That which is peculiar or proper to any person; that which belongs exclusively to one. In
13 the strict legal sense, an aggregate of rights which are guaranteed and protected by the
14 government. *Fulton Light, Heat & Power Co. v. State, 65 Misc.Rep. 263, 121 N.Y.S. 536. The term is said*
15 *to extend to every species of valuable right and interest. More specifically, ownership; the unrestricted*
16 *and exclusive right to a thing; the right to dispose of a thing in every legal way, to possess it, to use it,*
17 *and to exclude every one else from interfering with it. That dominion or indefinite right of particular things or*
18 *subjects. The exclusive right of possessing, enjoying, and disposing of a thing. The highest right a man can*
19 *have to anything; being used to refer to that right which one has to lands or tenements, goods or chattels, which*
20 *no way depends on another man’s courtesy.**

21 *The word is also commonly used to denote everything which is the subject of ownership; corporeal or*
22 *incorporeal, tangible or intangible, visible or invisible, real or personal; everything that has an exchangeable*
23 *value or which goes to make up wealth or estate. It extends to every species of valuable right and*
24 *interest, and includes real and personal property, easements, franchises, and*
25 *incorporeal hereditaments, and includes every invasion of one’s property rights by*
26 *actionable wrong.* *Labberton v. General Cas. Co. of America, 53 Wash.2d 180, 332 P.2d 250, 252, 254.*

27 [. . .]

28 Property within constitutional protection, denotes group of rights inhering in citizen’s relation to physical
29 thing, as right to possess, use and dispose of it. Cereghino v. State By and Through State Highway
30 Commission, 230 Or. 439, 370 P.2d 694, 697.”
31 [*Black’s Law Dictionary, Sixth Edition, p. 1216*]

32 If franchises are property and the ACTA Agreement creates a franchise, then the collections of rights, privileges, and
33 benefits it conveys to the federal government constitutes “property” and therefore a “possession of the United States” from
34 a legal perspective. Article 4, Section 3, Clause 2 of the Constitution is what authorizes the federal courts to regulate the
35 exercise of federal franchises by states.

36 *United States Constitution*
37 *Article 4, Section 3, Clause 2*

38 *The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the*
39 *Territory or other Property [including franchises and the benefits they confer] belonging to the United*
40 *States; and nothing in this Constitution shall be so construed as to Prejudice any Claims of the United States,*
41 *or of any particular State.*

42 An example of federal territorial possessions include American Samoa and Swain’s Island, which are mentioned in [48](#)
43 [U.S.C. Chapter 13](#). Over possessions of the United States, federal legislative jurisdiction is “plenary”, meaning exclusive,
44 except to the extent that they surrender any portion of it through legislation implementing what is called “comity”.

45 *“Plenary. Full, entire, complete, absolute, perfect, unqualified. Mashunkashney v. Mashunkashney, 191 Okl.*
46 *501, 134 P.2d 976, 979.”*
47 [*Black’s Law Dictionary, Sixth Edition, p. 1154*]

48 All such surrenders of sovereignty over federal areas or possessions are called “comity”:

1 **comity.** *Courtesy; complaisance; respect; a willingness to grant a privilege, not as a matter of right, but out of*
2 *deference and good will. Recognition that one sovereignty allows within its territory to the legislative,*
3 *executive, or judicial act of another sovereignty, having due regard to rights of its own citizens. *Nowell v.**
4 *Nowell, Tex.Civ.App., 408 S.W.2d 550, 553. In general, principle of "comity" is that courts of one state or*
5 *jurisdiction will give effect to laws and judicial decisions of another state or jurisdiction, not as a matter of*
6 *obligation, but out of deference and mutual respect. *Brown v. Babbitt Ford, Inc., 117 Ariz. 192, 571 P.2d 689,**
7 *695. See also Full faith and credit clause.*
8 [*Black's Law Dictionary, Sixth Edition, p. 267*]

9 An example of comity in action is the Buck Act, in which Congress authorized "States" as defined in [4 U.S.C. §110\(d\)](#) to
10 tax federal "public officials" working within federal areas.

11 *TITLE 4 - FLAG AND SEAL, SEAT OF GOVERNMENT, AND THE STATES*
12 *CHAPTER 4 - THE STATES*
13 [Sec. 110. Same; definitions](#)

14 (d) *The term "State" includes any [Territory](#) or possession of the United States.*

15 This provision was implemented as an outgrowth of the Public Salary Tax Act of 1939. You can read this act below:

<http://famguardian.org/PublishedAuthors/Govt/HistoricalActs/PublSalaryTaxAct1939.htm>

16 To wit:

17 [TITLE 4 > CHAPTER 4 > § 106](#)
18 [§ 106. Same; income tax](#)

19 (a) *No person shall be relieved from liability for any income tax levied by any State, or by any duly constituted*
20 *taxing authority therein, having jurisdiction to levy such a tax, by reason of his residing within a Federal area*
21 *or receiving income from transactions occurring or services performed in such area; and **such State or taxing***
22 ***authority shall have full jurisdiction and power to levy and collect such tax in any Federal area within such***
23 ***State to the same extent and with the same effect as though such area was not a Federal area.***

24 (b) *The provisions of subsection (a) shall be applicable only with respect to income or receipts received after*
25 *December 31, 1940.*

26 The state maintains a "trusteeship" over federal areas within its border and act as the equivalent of a federal "Government
27 corporation". To wit:

28 [TITLE 5 > PART 1 > CHAPTER 1 > § 103](#)
29 [§ 103. Government corporation](#)

30 *For the purpose of this title—*

31 (1) *"Government corporation" means a corporation owned or **controlled by the Government of the United***
32 ***States;** and*

33 The "control" referred to above is the authority delegated by the Buck Act, the Public Salary Tax Act, the Agreement on
34 Coordination of Tax Administration (ACTA), and the Assimilated Crimes Act. To view the Public Salary Tax Act, see:

<http://famguardian.org/PublishedAuthors/Govt/HistoricalActs/PublSalaryTaxAct1939.htm>

35 The subject of taxation of territories and possessions is discussed in the [Great IRS Hoax](#), Form #11.302, Section 5.14
36 available below:

<http://famguardian.org/Publications/GreatIRSHoax/GreatIRSHoax.htm>

37 The U.S. Supreme Court has also held that all federal territories are "corporations", which implies that possessions can just
38 as readily be thought of the same way:

1 At common law, a "corporation" was an "artificial perso[n] endowed with the legal capacity of perpetual
2 succession" consisting either of a single individual (termed a "corporation sole") or of a collection of several
3 individuals (a "corporation aggregate"). 3 H. Stephen, *Commentaries on the Laws of England* 166, 168 (1st
4 Am. ed. 1845). The sovereign was considered a corporation. See *id.*, at 170; see also 1 W. Blackstone,
5 *Commentaries* *467. Under the definitions supplied by contemporary law dictionaries, Territories would have
6 been classified as "corporations" (and hence as "persons") at the time that 1983 was enacted and the
7 Dictionary Act recodified. See W. Anderson, A Dictionary of Law 261 (1893) ("All corporations were
8 originally modeled upon a state or nation"); 1 J. Bouvier, A Law Dictionary Adapted to the Constitution and
9 Laws of the United States of America 318-319 (11th ed. 1866) ("In this extensive sense the United States may be
10 termed a corporation"); *Van Brocklin v. Tennessee*, 117 U.S. 151, 154 (1886) ("The United States is a . . .
11 great corporation . . . ordained and established by the American people") (quoting *United [495 U.S. 182,*
12 202] States v. Maurice, 26 F. Cas. 1211, 1216 (No. 15,747) (CC Va. 1823) (Marshall, C. J.); *Cotton v.*
13 *United States*, 11 How. 229, 231 (1851) (United States is "a corporation"). See generally *Trustees of*
14 *Dartmouth College v. Woodward*, 4 Wheat. 518, 561-562 (1819) (explaining history of term "corporation").
15 [*Ngiraingas v. Sanchez*, 495 U.S. 182 (1990)]

16 We will now end this section by comparing the Republic State with the Corporate State to make the content of this section
17 perfectly clear for visually minded readers:
18

1 **Table 1: Comparison of Republic State v. Corporate State**

#	Attribute	Republic State	Corporate State
1	Name	“Republic of _____”	“State of _____”
2	Name of this entity in federal law	Called a “state” or “foreign state”	Called a “State” as defined in 4 U.S.C. §110(d)
3	Protected by the Bill of Rights, which is the first ten amendments to the United States Constitution?	Yes	No (No rights. Only statutory “privileges”)
4	Form of government	Constitutional Republic	Legislative totalitarian socialist democracy
5	A corporation?	Yes	Yes
6	A federal corporation?	No	Yes
7	Exclusive jurisdiction over its own lands?	Yes	No. Shared with federal government pursuant to Buck Act, Assimilated Crimes Act, and ACTA Agreement.
8	“Possession” of the United States?	No (sovereign and “foreign” with respect to national government)	Yes
9	Subject to exclusive federal jurisdiction?	No	Yes
10	Subject to federal income tax?	No	Yes
11	Subject to state income tax?	No	Yes
12	Subject to state sales tax?	No	Yes
13	Subject to national military draft? (See SEDM Form #05.030 http://sedm.org/Forms/FormIndex.htm)	No	Yes
14	Citizenship of those domiciled therein	1. Constitutional but not statutory citizen. 2. “national” or “state national” pursuant to 8 U.S.C. §§1101(a)(21) and 1452 . Not a statutory “U.S. citizen” pursuant to 8 U.S.C. §1408.	Statutory “U.S. citizen” pursuant to 8 U.S.C. §1401
15	Licenses such as marriage license, driver’s license, business license required in this jurisdiction?	No	Yes
16	Voters called	“Electors”	“Registered voters”
17	How you declare your domicile in this jurisdiction	1. Describing yourself as a “state national” but not a statutory “U.S. citizen on all government forms. 2. Registering as an “elector” rather than a voter. 3. Terminating participation in all federal benefit programs.	1. Describing yourself as a statutory “U.S. citizen” on any state or federal form. 2. Applying for a federal benefit. 3. Applying for and receiving any kind of state license.

2 **6 Completing tax forms so as not to be confused with a “resident” of the Corporate State**

3 Let’s now examine the practical implications of this document in relation to how or if you would file a state or federal tax
4 return and what status you would need to file under. If a person is a “resident” of the nonfederal areas of his state, then he
5 must be considered a “nonresident alien” for the purpose of federal income taxes, unless of course he “volunteers” through
6 his own stupidity to donate to the federal government by falsely admitting he is either a “U.S. citizen” under [8 U.S.C. §1401](#)
7 or a “U.S. person” under [26 U.S.C. §7701\(a\)\(30\)](#). We should always ask ourselves, however: “How can a person
8 simultaneously be a resident of two mutually exclusive territorial jurisdictions and therefore owe tax in both jurisdictions?”

1 The answer is, they can't. Therefore, the correct filing status for most sovereign Americans/Nationals of the 50 Union
2 states is the "nonresident alien" of the federal taxing jurisdiction and the "resident" of the state jurisdiction. In most states,
3 the implication of properly declaring this status is that the person declaring the status is liable for *neither* federal nor state
4 income taxes! The table below summarizes the relationship between federal taxation and state taxation in the case of
5 California. Most other states appear to be similar. This table was extracted from section 5.3.3 of the *Great IRS Hoax*,
6 Form #11.302 book. The important things to remember about this table are the following:

- 7 1. Federal and state income taxes presume domicile in the same place, which is the Corporate State. Those domiciled in
8 the Republic State are "nontaxpayers" who are not subject to the federal or state income tax.
- 9 2. The federal personal income tax described in I.R.C. Subtitle A is upon "residents" as defined in [26 U.S.C.](#)
10 [§7701\(b\)\(1\)\(A\)](#), who are aliens with a domicile on federal territory.
- 11 3. A person who was born within and domiciled within any of the 50 states or federal territory is not an alien, and
12 therefore not a "resident".
- 13 4. The IRS Form 1040 is ONLY for use by "residents" , who are aliens with a domicile on federal territory. This is
14 confirmed by IRS Document 7130, the IRS Published Products Catalog.
- 15 5. A statutory "U.S. citizen" as defined in [8 U.S.C. §1401](#) when temporarily abroad pursuant to [26 U.S.C. §911](#) is treated
16 as a "resident" within the Internal Revenue Code. This is because he interfaces to the I.R.C. through a tax treaty with
17 a foreign country and he is an "alien" in relation to that foreign country that he is within.
- 18 6. The federal and state income taxes are indirect excise taxes upon a "trade or business", which is defined in [26 U.S.C.](#)
19 [§7701\(a\)\(26\)](#) as "the functions of a public office". If you are not in fact and in deed engaged in a "public office", then:
20 6.1. You are a "nontaxpayer" whose estate is a "foreign estate" not subject to the Internal Revenue Code:

21 [TITLE 26 > Subtitle F > CHAPTER 79 > § 7701](#)
22 [§ 7701. Definitions](#)

23 *(a) When used in this title, where not otherwise distinctly expressed or manifestly incompatible with the intent*
24 *thereof—*
25 *(31) Foreign estate or trust*

26 *(A) Foreign estate*

27 *The term "foreign estate" means an estate the income of which, from sources without the United States which is*
28 *not effectively connected with the conduct of a trade or business within the United States, is not includible in*
29 *gross income under subtitle A.*

- 30 6.2. You are not required to file a federal income tax return, even if you are domiciled on federal territory.
- 31 7. If you are a statutory "U.S. citizen" who is NOT abroad in a foreign country pursuant to [26 U.S.C. §911](#), there is no
32 IRS Form you can file, because you are not a "[resident](#)" and the only people who can use IRS Form 1040 are
33 "[residents](#)", which are "aliens" with a domicile on federal territory. The IRS Form 1040 is for use ONLY by "U.S.
34 individuals", and the term "individual" is defined in 26 CFR §1.1441-1(c)(3) as an "alien" or "nonresident alien".
35 Nowhere is the term "[individual](#)" defined as a "citizen" or "[U.S. citizen](#)" anywhere in either the Internal Revenue Code
36 or the Treasury Regulations. Therefore, you would be committing perjury under penalty of perjury to file an IRS Form
37 1040 if you were a statutory "U.S. citizen" not in a foreign country, because you would be falsely declaring yourself to
38 be an "individual" by filing such a form.

39

1 **Table 2: Federal and California state income tax filing requirements for natural persons by residency and citizenship.**

#	Location of domicile but not workplace	"Republic State" domicile	"Corporate State" State domicile and income tax liability		Federal income taxes		
			"State of California" Domicile	"State of California" Personal Income Tax Liability and correct form(s) to file	United States (federal territories) residency status (see 26 U.S.C. §7701 definition of "United States")	U.S.(the country) citizenship	Federal income tax liability and correct form(s) to file
1	Nonfederal areas of any state of the Union	Inhabitant (not "resident")	Nonresident	File California Franchise Tax Board 540NR for refunds of any state taxes erroneously withheld on income from other than the District of Columbia	Nonresident	National but not citizen (see 8 U.S.C. §1101(a)(21))	File IRS Form 1040NR and include only "gross income" from the District of Columbia that is "effectively connected with a trade or business"
						U.S. Citizen (see 8 U.S.C. §1401). Excludes people born in states on land not under exclusive federal jurisdiction	File IRS Form 1040 plus 2555 and include only "gross income" from the District of Columbia that is "effectively connected with a trade or business"
						Alien	File IRS Form 1040NR and include only "gross income" from the District of Columbia that is "effectively connected with a trade or business"
2	Federal areas inside of California	Nonresident	Nonresident	Not required to file. Only "aliens" with a domicile in the Corporate State are required to file	Nonresident	Statutory U.S. Citizen (see 8 U.S.C. §1401). Excludes people born in states on land not under exclusive federal jurisdiction	No form they can legally file. IRS Form 1040 is only for "residents" and "individuals". See Note 7 preceding list.
			Resident	File California Franchise Tax Board 540 on all gross income from District of Columbia sources only that is "effectively connected with a "trade or business"	Resident	Alien (see 26 U.S.C. §7701(b)(1)(A))	File IRS Form 1040. and include only federal source income but not income from nonfederal parts of California.
3	Outside of United States of America (the country and not the federal areas)	Nonresident	Nonresident	File California Franchise Tax Board 540NR on all gross income from District of Columbia sources only that is "effectively connected with a "trade or business"	Nonresident	National but not citizen (see 8 U.S.C. §1101(a)(21)).	File IRS Form 1040NR and include only "gross income" from the District of Columbia that is "effectively connected with a trade or business"
						Statutory U.S. Citizen (see 8 U.S.C. §1401). Excludes people born in states on land not under exclusive federal jurisdiction	File IRS Form 1040 plus 2555 and include only "gross income" from the District of Columbia that is "effectively connected with a trade or business"

#	Location of domicile but not workplace	"Republic State" domicile	"Corporate State" State domicile and income tax liability		Federal income taxes		
			"State of California" Domicile	"State of California" Personal Income Tax Liability and correct form(s) to file	United States (federal territories) residency status (see 26 U.S.C. §7701 definition of "United States")	U.S.(the country) citizenship	Federal income tax liability and correct form(s) to file
						Alien	File IRS Form 1040NR and include only "gross income" from the District of Columbia that is "effectively connected with a trade or business"

NOTES:

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1. A statutory "U.S.** citizen" shown above is one who is a statutory federal citizen born or naturalized in the federal zone and described in [8 U.S.C. §1401](#). This is NOT the same as a person who is a U.S.* national. The Internal Revenue Code only applies to U.S.** citizens and is municipal/special law that does not apply to Sovereign Natural Born Citizens in the 50 Union states who do not engaged in a "trade or business" and who receive no payments from the federal government or its instrumentalities.
2. You can read the California Revenue and Taxation Code (R&TC) for yourself on the web at <http://www.leginfo.ca.gov/cgi-bin/calawquery?codesection=rtc&codebody=&hits=20>
3. Why don't the state and federal income tax publications reflect the above considerations? We can only assume that it is because they want to simplify these publications because they want to maximize revenues from income taxation.

1 **7 It is unconstitutional for states of the Union to bargain away or delegate any of their powers**
2 **to the federal government or to act as federal territories**

3 Next, we examine whether states may bargain away any of the sovereignty they retain under the Tenth Amendment to the
4 Constitution of the United States, which says:

5 *United States Constitution, Tenth Amendment*

6 *The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are*
7 *reserved to the States respectively, or to the people.*

8 The Tenth Amendment is a reservation of rights to the states of those powers not expressly delegated to the national
9 government by the Constitution. With respect to these reserved rights, the U.S. Supreme Court has said:

10 *"To the contrary, the Constitution divides authority between federal and state governments for the protection*
11 *of individuals. State sovereignty is not just an end in itself: "Rather, federalism secures to citizens the*
12 *liberties that derive from the diffusion of sovereign power." Coleman v. Thompson, 501 U.S. 722, 759 (1991)*
13 *(BLACKMUN, J., dissenting). "Just as the separation and independence of the coordinate branches of the*
14 *Federal Government serve to prevent the accumulation of excessive power in any one branch, a healthy*
15 *balance of power between the States and the Federal Government will reduce the risk of tyranny and abuse*
16 *from either front." Gregory v. Ashcroft, 501 U.S., at 458. See The Federalist No. 51, p. 323. (C. Rossiter ed.*
17 *1961).*

18 *Where Congress exceeds its authority relative to the States, therefore, the departure from the constitutional*
19 *plan cannot be ratified by the "consent" of state officials. An analogy to the separation of powers among the*
20 *branches of the Federal Government clarifies this point. The Constitution's division of power among the*
21 *three branches is violated where one branch invades the territory of another, whether or not the encroached-*
22 *upon branch approves the encroachment. In Buckley v. Valeo, 424 U.S. 1, 118 -137 (1976) , for instance, the*
23 *Court held that Congress had infringed the President's appointment power, despite the fact that the President*
24 *himself had manifested his consent to the statute that caused the infringement by signing it into law. See*
25 *National League of Cities v. Usery, 426 U.S., at 842 , n. 12. In INS v. Chadha, 462 U.S. 919, 944 -959 (1983),*
26 *we held that the legislative veto violated the constitutional requirement that legislation be presented to the*
27 *President, despite Presidents' approval of hundreds of statutes containing a legislative veto provision. See id.,*
28 *at 944-945. The constitutional authority of Congress cannot be expanded by the "consent" of the governmental*
29 *unit whose domain is thereby narrowed, whether that unit is the Executive Branch or the States.*

30 *State officials thus cannot consent to the enlargement of the powers of Congress beyond those enumerated in*
31 *the Constitution. Indeed, the facts of this case raise the possibility that powerful incentives might lead both*
32 *federal and state officials to view departures from the federal structure to be in their personal interests. Most*
33 *citizens recognize the need for radioactive waste disposal sites, but few want sites near their homes. As a result,*
34 *while it would be well within the authority of either federal or state officials to choose where the disposal sites*
35 *will be, it is likely to be in the political interest of each individual official to avoid being held accountable to the*
36 *voters for the choice of location. If [505 U.S. 144, 183] a federal official is faced with the alternatives of*
37 *choosing a location or directing the States to do it, the official may well prefer the latter, as a means of shifting*
38 *responsibility for the eventual decision. If a state official is faced with the same set of alternatives - choosing a*
39 *location or having Congress direct the choice of a location - the state official may also prefer the latter, as it*
40 *may permit the avoidance of personal responsibility. The interests of public officials thus may not coincide with*
41 *the Constitution's intergovernmental allocation of authority. Where state officials purport to submit to the*
42 *direction of Congress in this manner, federalism is hardly being advanced. "*
43 *[New York v. United States, 505 U.S. 144 (1992)]*

44
45 *"The determination of the Framers Convention and the ratifying conventions to preserve complete and*
46 *unimpaired state [and personal] self-government in all matters not committed to the general government is*
47 *one of the plainest facts which emerges from the history of their deliberations. And adherence to that*
48 *determination is incumbent equally upon the federal government and the states. State powers can neither be*
49 *appropriated on the one hand nor abdicated on the other. As this court said in Texas v. White, 7 Wall. 700,*
50 *725, "The preservation of the States, and the maintenance of their governments, are as much within the*
51 *design and care of the Constitution as the preservation of the Union and the maintenance of the National*
52 *government. The Constitution, in all its provisions, looks to an indestructible Union, composed of indestructible*
53 *States.' Every journey to a forbidden end begins with the first step; and the danger of such a step by the federal*
54 *government in the direction of taking over the powers of the states is that the end of the journey may find the*
55 *states so despoiled of their powers, or-what may amount to the same thing-so [298 U.S. 238, 296] relieved of*
56 *the responsibilities which possession of the powers necessarily enjoins, as to reduce them to little more than*
57 *geographical subdivisions of the national domain. It is safe to say that if, when the Constitution was under*

1 consideration, it had been thought that any such danger lurked behind its plain words, it would never have been
2 ratified.”
3 [*Carter v. Carter Coal Co.*, [298 U.S. 238](#) (1936)]

4 In other words, federalism requires:

- 5 1. Strict, unchanging separation of powers between the states and the federal government.
- 6 2. That no state may delegate any of its reserved powers to the federal government.

7 *Where Congress exceeds its authority relative to the States, therefore, the departure from the constitutional*
8 *plan cannot be ratified by the "consent" of state officials. An analogy to the separation of powers among the*
9 *branches of the Federal Government clarifies this point.*

10 [. . .]

11 “State officials thus cannot consent to the enlargement of the powers of Congress beyond those enumerated in
12 the Constitution. Indeed, the facts of this case raise the possibility that powerful incentives might lead both
13 federal and state officials to view departures from the federal structure to be in their personal interests.”
14 [*New York v. United States*, [505 U.S. 144](#) (1992)]

- 15 3. That the federal government may not delegate any of its powers to the states.

16 Therefore, the states of the Union mentioned in the Constitution are FORBIDDEN from entering into franchises with the
17 national government or in delegating any of their powers, and especially their police powers:

18 “Whatever differences of opinion,’ said the court, [*in the case of Beer Co. v. Massachusetts*, [97 U.S. 28](#)] ‘may
19 exist as to the extent and boundaries of the police power, and however difficult it may be to render a
20 satisfactory definition of it, there seems to be no doubt that it does extend to the protection of the lives, health,
21 and property of the citizens, and to the preservation of good order and public morals. **The legislature cannot by**
22 **any contract [including any FRANCHISE CONTRACT] divest itself of the power to provide for these**
23 **objects. They belong emphatically to that class of objects which demand the application of the maxim, salus**
24 **populi suprema lex, and they are to be attained and provided for by such appropriate means as the legislative**
25 **discretion may devise. That discretion can no more be bargained away than the power itself.’**

26 ...

27 “In the still more recent case of *Stone v. Mississippi*, [101 U.S. 814](#), the whole subject is reviewed in the opinion
28 delivered [[111 U.S. 746, 753](#)] by the chief justice. That also was a case of a chartered lottery, whose charter
29 was repealed by a constitution of the state subsequently adopted. It came here for relief, relying on the clause of
30 the federal constitution against impairing the obligation of contracts. The question is therefore presented, (says
31 the opinion,) whether, in view of these facts, the legislature of a state can, by the charter of a lottery company,
32 defeat the will of the people authoritatively expressed, in relation to the further continuance of such business in
33 their midst. We think it cannot. **No legislature can bargain away the public health or the public morals. The**
34 **people themselves cannot do it, much less their servants. The supervision of both these subjects of**
35 **governmental power is continuing in its nature, and they are to be dealt with as the special exigencies of the**
36 **moment may require. Government is organized with a view to their preservation, and cannot divest itself of**
37 **the power to provide for them. For this purpose the legislative discretion is allowed, and the discretion cannot**
38 **be parted with any more than the power itself.’** “
39 [*Butcher’s Union Co. v. Crescent City Co.*, [111 U.S. 746](#) (1884)]

40 Since the power of internal taxation has always been reserved to the states and its object funds the police power of the state,
41 no state can contract away its power to tax or authorize the federal government to collect a tax within its own borders that
42 relates to anything OTHER than commerce with foreign nations, which the constitution calls “imposts and excises”. To
43 wit:

44 “The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and
45 provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises
46 shall be uniform throughout the United States;”
47 [*United States Constitution*, Article 1, Section 8, Clause 1]
48

49 “No Tax or Duty shall be laid on Articles exported from any State.”
50 [*United States Constitution*, Article 1, Section 9, Clause 5]
51

1 “Two governments acting independently of each other cannot exercise the same power for the same object [or
2 person].”
3 [Fox v. The State of Ohio, 46 U.S. 410, 5 Howard 410, 12 L.Ed. 213 (1847)]
4

5 “The States, after they formed the Union, continued to have the same range of taxing power which they had
6 before, barring only duties affecting exports, imports, and on tonnage. 2 Congress, on the other hand, to lay
7 taxes in order 'to pay the Debts and provide for the common Defence and general Welfare of the United States',
8 Art. 1, Sec. 8, U.S.C.A.Const., can reach every person and every dollar in the land with due regard to
9 Constitutional limitations as to the method of laying taxes.”
10 [Graves v. People of State of New York, 306 U.S. 466 (1939)]

11 Consequently, states of the Union and the people domiciled therein may NOT participate in any federal franchise or license,
12 because doing so would be a re-delegation of powers that are expressly reserved within the Constitution to the states and
13 the people under the Tenth Amendment:

14 “Thus, Congress having power to regulate commerce with foreign nations, and among the several States, and
15 with the Indian tribes, may, without doubt, provide for **granting** coasting **licenses**, licenses to pilots, licenses to
16 trade with the Indians, and any other **licenses** necessary or proper for the exercise of that great and extensive
17 power; and the same observation is applicable to every other power of Congress, to the exercise of which the
18 granting of licenses may be incident. All such licenses confer authority, and give rights to the licensee.

19 But very different considerations apply to the internal commerce or domestic trade of the States. Over this
20 commerce and trade Congress has no power of regulation nor any direct control. This power belongs
21 exclusively to the States. No interference by Congress with the business of citizens transacted within a State
22 is warranted by the Constitution, except such as is strictly incidental to the exercise of powers clearly granted
23 to the legislature. The power to authorize a business within a State is plainly repugnant to the exclusive power
24 of the State over the same subject. It is true that the power of Congress to tax is a very extensive power. It is
25 given in the Constitution, with only one exception and only two qualifications. Congress cannot tax exports, and
26 it must impose direct taxes by the rule of apportionment, and indirect taxes by the rule of uniformity. Thus
27 limited, and thus only, it reaches every subject, and may be exercised at discretion. But, it reaches only existing
28 subjects. Congress cannot authorize a trade or business within a State in order to tax it.”
29 [License Tax Cases, 72 U.S. 462, 18 L.Ed. 497, 5 Wall. 462, 2 A.F.T.R. 2224 (1866)]

30 The only “States” that can enter into federal franchises are federal territories and possessions that are the equivalent of
31 corporate subdivisions of the national government, over which the national government has absolute and exclusive
32 sovereignty, and which do not enjoy the protections of the Bill of Rights because they are not the “States” mentioned in the
33 United States Constitution. These federal “States” are defined below:

34 TITLE 4 - FLAG AND SEAL, SEAT OF GOVERNMENT, AND THE STATES
35 CHAPTER 4 - THE STATES
36 [Sec. 110. Same](#); definitions
37

38 (d) The term “State” includes any [Territory](#) or possession of the United States.
39

40 [TITLE 26 > Subtitle F > CHAPTER 79 > § 7701](#)
41 [§ 7701. Definitions](#)

42 (a) Definitions

43 (10)State

44 The term “State” shall be construed to include the District of Columbia, where such construction is necessary to
45 carry out provisions of this title.

46 We allege that because the restrictions upon the states documented in this section have not been enforced by the courts, the
47 de jure sovereign states of the Union have unlawfully signed up for federal franchises such as the Buck Act and the income
48 tax and thereby brought about the very result so prophetically predicted by the U.S. Supreme Court below:

49 “Every journey to a forbidden end begins with the first step; and the danger of such a step by the federal
50 government in the direction of taking over the powers of the states is that the end of the journey may find the
51 states so despoiled of their powers, or-what may amount to the same thing-so [298 U.S. 238, 296] relieved of
52 the responsibilities which possession of the powers necessarily enjoins, as to reduce them to little more than
53 geographical subdivisions of the national domain.”

The collusion of officials of both the States and the Federal government to destroy the separation of powers that protects our rights and thereby bring about precisely the end documented above is exhaustively documented in the memorandum of law below on our website:

Government Conspiracy to Destroy the Separation of Powers, Form #05.023
<http://sedm.org/Forms/FormIndex.htm>

8 How states of the Union have colluded with the feds to violate the separation of powers and are unconstitutionally acting as federal territories and possessions

Under the Buck Act, only federal “States” as defined in 4 U.S.C. §110(d) may lawfully participate in the federal income taxation scheme. These federal “States” include ONLY territories and possessions of the United States and exclude the states of the Union mentioned in the United States constitution:

Corpus Juris Secundum Legal Encyclopedia
Territories
”§1. Definitions, Nature, and Distinctions

”The word 'territory,' when used to designate a political organization has a distinctive, fixed, and legal meaning under the political institutions of the United States, and does not necessarily include all the territorial possessions of the United States, but may include only the portions thereof which are organized and exercise governmental functions under act of congress.”

”While the term 'territory' is often loosely used, and has even been construed to include municipal subdivisions of a territory, and 'territories of the' United States is sometimes used to refer to the entire domain over which the United States exercises dominion, the word 'territory,' when used to designate a political organization, has a distinctive, fixed, and legal meaning under the political institutions of the United States, and the term 'territory' or 'territories' does not necessarily include only a portion or the portions thereof which are organized and exercise government functions under acts of congress. The term 'territories' has been defined to be political subdivisions of the outlying dominion of the United States, and in this sense the term 'territory' is not a description of a definite area of land but of a political unit governing and being governed as such. The question whether a particular subdivision or entity is a territory is not determined by the particular form of government with which it is, more or less temporarily, invested.

”Territories' or 'territory' as including 'state' or 'states.’” While the term 'territories of the' United States may, under certain circumstances, include the states of the Union, as used in the federal Constitution and in ordinary acts of congress "territory" does not include a foreign state.

”As used in this title, the term 'territories' generally refers to the political subdivisions created by congress, and not within the boundaries of any of the several states.”
[86 C.J.S. [Corpus, Juris, Secundum, Legal Encyclopedia], Territories, §1, Emphasis added]

States of the Union have colluded with the federal government to plunder from the citizens under their protection and care by unlawfully entering inter ACTA Agreements with the federal government to enforce the federal income tax in federal enclaves located within their exterior limits. As pointed out in the previous section, this corruption is a clear violation of the separation of powers doctrine because states of the Union are not allowed to surrender their sovereignty, delegate or bargain away any of their powers to the federal government, act like federal territories or possessions, or participate in any federal franchises that might make them unequal in relation to any other state.

Every federal state of the Union that has personal income tax depends on federal liability before a state liability can accrue. This must be so, because:

- 1. Income taxes are based on legal domicile. See:

Why Domicile and Becoming a “Taxpayer” Require Your Consent, Form #05.002
<http://sedm.org/Forms/FormIndex.htm>

- 2. You can only have a legal domicile in one place at a time.

1 3. Federal and Republic State legislative jurisdictions are mutually exclusive, foreign, and separate from each other.
2 Therefore, you can only owe income taxes to EITHER the Federal government OR the Republic State but not both at
3 the same time. This is a natural consequence of the Separation of Powers Doctrine that is the heart of the United States
4 Constitution. See:

Separation of Powers Doctrine
<http://famguardian.org/Subjects/LawAndGovt/Articles/SeparationOfPowersDoctrine.htm>

5 To overcome the above straight-jacket limitations imposed by the separation of powers doctrine between the states and the
6 federal government under the Constitution, states of the Union conspiring together with corrupted federal lawmakers have
7 employed the following devious, treasonous, illegal, and unconstitutional means to impose federal income taxation within
8 the Republic States:

9 1. The federal government passed the Trust Indenture Act of 1939, now codified in [15 U.S.C. Chapter 2A](#). This act was
10 used to turn Social Security into a trust and the participants into “trustees” by virtue of receiving government benefits.
11 For details, see:

Resignation of Compelled Social Security Trustee, Form #06.002
<http://sedm.org/Forms/FormIndex.htm>

12 2. The federal government passed the Public Salary Tax Act of 1939 and thereby consented to state income tax
13 jurisdiction within federal areas within the exterior limits of the state. The tax was upon “public officers”, and these
14 public officers are federal “trustees” and fiduciaries:

“As expressed otherwise, the powers delegated to a public officer are held in trust for the people and are to be exercised in behalf of the government or of all citizens who may need the intervention of the officer.”¹ Furthermore, the view has been expressed that all public officers, within whatever branch and whatever level of government, and whatever be their private vocations, are trustees of the people, and accordingly labor under every disability and prohibition imposed by law upon trustees relative to the making of personal financial gain from a discharge of their trusts.² That is, a public officer occupies a fiduciary relationship to the political entity on whose behalf he or she serves.³ and owes a fiduciary duty to the public.⁴ It has been said that the fiduciary responsibilities of a public officer cannot be less than those of a private individual.⁵ Furthermore, it has been stated that any enterprise undertaken by the public official which tends to weaken public confidence and undermine the sense of security for individual rights is against public policy.⁶”
[63C Am.Jur.2d, Public Officers and Employees, §247]

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26 3. The Internal Revenue Code was enacted for the first time in 1939, which incorporated the Public Salary Tax Act of
27 1939. This tax is a tax upon salaries of “public officials”, which Subtitle A of the current I.R.C. calls a “trade or
28 business”. The act repealed itself, but your public servants “conveniently” forgot to tell everyone. Now we just follow
29 it like a religion. See 53 Stat. 1 below:

SEDM Exhibit 1023, 53 Stat. 1, Section 4
<http://sedm.org/Exhibits/ExhibitIndex.htm>

30 4. The federal government passed the Buck Act, [4 U.S.C. §105-111](#) in 1940, shortly after enacting the Internal Revenue
31 Code and the Public Salary Tax Act in 1939.

¹ State ex rel. Nagle v. Sullivan, 98 Mont 425, 40 P2d 995, 99 ALR 321; Jersey City v. Hague, 18 NJ 584, 115 A2d 8.
² Georgia Dep't of Human Resources v. Sistrunk, 249 Ga 543, 291 SE2d 524. A public official is held in public trust. Madlener v. Finley (1st Dist) 161 Ill App 3d 796, 113 Ill Dec 712, 515 NE2d 697, app gr 117 Ill Dec 226, 520 NE2d 387 and revd on other grounds 128 Ill 2d 147, 131 Ill Dec 145, 538 NE2d 520.
³ Chicago Park Dist. v. Kenroy, Inc., 78 Ill 2d 555, 37 Ill Dec 291, 402 NE2d 181, appeal after remand (1st Dist) 107 Ill App 3d 222, 63 Ill Dec 134, 437 NE2d 783.
⁴ United States v. Holzer (CA7 Ill) 816 F.2d 304 and vacated, remanded on other grounds 484 U.S. 807, 98 L Ed 2d 18, 108 S Ct 53, on remand (CA7 Ill) 840 F.2d 1343, cert den 486 U.S. 1035, 100 L Ed 2d 608, 108 S Ct 2022 and (criticized on other grounds by United States v. Osser (CA3 Pa) 864 F.2d 1056) and (superseded by statute on other grounds as stated in United States v. Little (CA5 Miss) 889 F.2d 1367) and (among conflicting authorities on other grounds noted in United States v. Boylan (CA1 Mass) 898 F.2d 230, 29 Fed Rules Evid Serv 1223).
⁵ Chicago ex rel. Cohen v. Keane, 64 Ill 2d 559, 2 Ill Dec 285, 357 NE2d 452, later proceeding (1st Dist) 105 Ill App 3d 298, 61 Ill Dec 172, 434 NE2d 325.
⁶ Indiana State Ethics Comm'n v. Nelson (Ind App) 656 NE2d 1172, reh gr (Ind App) 659 NE2d 260, reh den (Jan 24, 1996) and transfer den (May 28, 1996).

- 1 5. States of the Union have “incorporated” the federal areas within their borders and called this new jurisdiction by the
2 name “State of _____” preceding the statename. These areas are called “government corporations” in [5 U.S.C. §103](#) in
3 the previous section.
- 4 6. The federal government also passed [5 U.S.C. §5517](#) authorizing the Corporate states to tax federal “public officials”
5 within federal areas.
- 6 7. Starting in 1940, the federal government then authorized ONLY federal “States” (territories and possessions and
7 EXCLUDING states of the Union) through the Buck Act to enter into Agreements on Coordination of Tax
8 Administrations (ACTA) with the federal government pursuant to the now repealed versions of [26 U.S.C. §6361-6365](#).
9 These repealed statutes are still codified in the Treasury Regulations found at [26 CFR §1.6361-1](#) and [26 CFR](#)
10 [§§301.6361-1](#) through [301.6361-5](#).
- 11 8. Tempted by the irresistible lure of “revenues”, all but nine of the then 49 states of the Union illegally and
12 unconstitutionally entered into these agreements. States that did not join in this FRAUD included:
13 8.1. Alaska
14 8.2. Florida
15 8.3. Nevada
16 8.4. New Hampshire
17 8.5. Tennessee
18 8.6. Texas
19 8.7. South Dakota
20 8.8. Washington
21 8.9. Wyoming
- 22 9. Beyond the unconstitutional and illegal signing of the ACTA agreements by states of the Union:
23 9.1. States were bribed with vast illegal income tax enforcement revenues to “keep quiet” about their new gravy train
24 of plunder and about the illegal nature of their participation in the ACTA agreements. Participation was illegal
25 because they were not federal “States” described in [4 U.S.C. §110\(d\)](#).
26 9.2. States of the Union who signed up illegally were incentivized to illegally enforce the federal income outside of
27 the federal areas within the state by creating confusion over the terms “State” (federal “State” pursuant to 4
28 U.S.C. §110(d)), “United States” (the United States government and NOT any part of a Republic state),
29 “employee” (federal public officer), “citizen” (person domiciled on federal territory and not within any Republic
30 State). This confusion and absence of clear definition on government forms is no accident, but simply a deceptive
31 plan to sign you up for government slavery as a presumed “U.S. person” domiciled on federal territory with no
32 constitutional rights. They want you to abandon the republic and become a corporate serf to the Corporate State.
33 9.3. States who signed up started a conflict of interest in the courts and the government of these states because now
34 the state government had two jurisdictions to legislate and enforce for. They could imitate the usurpations of the
35 federal government by refusing to disclose which of the two specific jurisdictions any law pertained to, and
36 thereby deceive and fool citizens of the Republic State into participating in the activities of the Corporate State
37 illegally.
- 38 10. Pursuant to the delegated authority of the ACTA Agreements and the Buck Act, states of the Union added income
39 taxes to their revenue codes and began legislating for TWO jurisdictions: the Republic State and the Corporate State.
40 They wrote these codes deceptively so that you could not tell which of the two jurisdictions that the tax applied to, the
41 Republic State (nonfederal territory) or the Corporate State (federal territory). They did this in order to deceive and
42 entrap innocent persons into unknowingly and illegally participating in federal franchises such as a “trade or business”.

43 *“It is clear that Congress [and now their corporate subdivisions called “States” under the Buck Act], as a*
44 *legislative body, exercise two species of legislative power: the one, limited as to its objects, but extending all*
45 *over the Union: the other, an absolute, exclusive legislative power over the District of Columbia. The*
46 *preliminary inquiry in the case now before the Court, is, by virtue of which of these authorities was the law in*
47 *question passed?”*
48 *[Cohens v. Virginia, 19 U.S. 264, 6 Wheat. 265; 5 L.Ed. 257 (1821)]*

- 49 11. Emulating their corrupt parens patriae and benefactor, the U.S. government, states of the Union then began
50 transforming almost all the government services they offer to the Republic State into federal franchises available only
51 to domiciliaries of the Corporate State and which require the use of federal identifying numbers. This forced everyone
52 to participate in Social Security and become “taxpayers” and “U.S. persons” domiciled on federal territory. These
53 corrupted states then used the plunder illegally collected from persons domiciled outside the Corporate State to pay for
54 these franchises. See:

1 Of the above FRAUD, the U.S. Supreme Court has said it is ILLEGAL to abuse the authority to write law to make an
2 innocent person called a “nontaxpayer” into a guilty person called a “taxpayer” using such things as presumption and vague
3 laws:

4 *"In Calder v. Bull, which was here in 1798, Mr. Justice Chase said, that there were acts which the Federal*
5 *and State legislatures could not do without exceeding their authority, and among them he mentioned a law*
6 *which punished a citizen for an innocent act; a law that destroyed or impaired the lawful private [labor]*
7 *contracts [and labor compensation, e.g. earnings from employment through compelled W-4 withholding] of*
8 *citizens; a law that made a man judge in his own case; and a law that took the property from A [the worker],*
9 *and gave it to B [the government or another citizen, such as through social welfare programs]. 'It is against*
10 *all reason and justice,' he added, 'for a people to intrust a legislature with such powers, and therefore it*
11 *cannot be presumed that they have done it. They may command what is right and prohibit what is wrong; but*
12 *they cannot change innocence [a "nontaxpayer"] into guilt [a "taxpayer"], or punish innocence [refusal to*
13 *pay illegally enforced taxes] as a crime, or violate the right of an antecedent lawful private [employment]*
14 *contract [by compelling W-4 withholding, for instance], or the right of private property. To maintain that a*
15 *Federal or State legislature possesses such powers [of THEFT!] if they had not been expressly restrained,*
16 *would, in my opinion, be a political heresy altogether inadmissible in all free republican governments.' 3*
17 *Dall. 388."*
18 *[Sinking Fund Cases, 99 U.S. 700 (1878)]*

19 We must also remember what the Bible says about the above “scheme” to entrap, enslave, and destroy the rights of those
20 domiciled within the Republic State and replace them with privileges, excises, and franchises:

21 *"Getting treasures by a lying [or deceptive] tongue*
22 *Is the fleeting fantasy of those who seek death."*
23 *[Prov. 21:6, Bible, NKJV]*

24 *"If a ruler pays attention to lies [of his tax collectors],*
25 *All his [public] servants become wicked."*
26 *[Prov. 29:12]*

27 To give you an example of how this process of theft and deception works in California, the California Revenue and
28 Taxation Code imposes the personal income tax within the “State of California”, which is then defined in Rev.Tax.Cod.
29 17018 as follows:

30 *California Revenue and Taxation Code*
31 *Division 2: Other Taxes*
32 *Part 10: Personal Income Tax*

33 *17018. "State" includes the District of Columbia, and the possessions of the United States.*

34 Similar provisions apply to the state sales tax:

35 *California Revenue and Taxation Code*
36 *Division 2: Other Taxes*
37 *Part 1: Sales and Use Taxes*

38 *6017. "In this State" or "in the State" means within the exterior limits of the State of California and includes all*
39 *territory within these limits owned by or ceded to the United States of America.*

40 When the California Franchise Tax Board mails you a tax collection notice, the title at the top of the notice says “State Of
41 California” and refund checks are also paid by the “State of California”. The state flag, however, says “Republic of
42 California”. Typically, all privileged or licensed activities are deemed effectively to occur on federal territory within the
43 state. This includes:

- 44 1. Marriage licenses. See the California Family Code.
- 45 2. Driver’s licenses. See the California Vehicle Code.
- 46 3. Business licenses. See the California Business and Professions Code.
- 47 4. Professional licenses. See the California Business and Professions Code.

1 The reason that licensed and regulated activities must be treated in law on as occurring on federal territory is because:

2 1. The Republic State has no authority to interfere with the exercise of rights, including the right to marry, to travel, to
3 start and run a business, or to engage in any profession. Their whole purpose of existence is to PROTECT private
4 rights, not to entice those who have them to give them up in exchange for privileges.

5 *"It has long been established that a State may not impose a penalty upon those who exercise a right guaranteed*
6 *by the Constitution." Frost & Frost Trucking Co. v. Railroad Comm'n of California, 271 U.S. 583.*
7 *"Constitutional rights would be of little value if they could be indirectly denied,' Smith v. Allwright, 321 U.S.*
8 *649, 644, or manipulated out of existence,' Gomillion v. Lightfoot, 364 U.S. 339, 345."*
9 *[Harman v. Forssenius, 380 U.S 528 at 540, 85 S.Ct. 1177, 1185 (1965)]*

10 2. Federal areas are not protected by the Constitution or the Bill of Rights. Rights have been replaced with “statutory
11 privileges” in these areas.

12 *"Indeed, the practical interpretation put by Congress upon the Constitution has been long continued and*
13 *uniform to the effect [182 U.S. 244, 279] that the Constitution is applicable to territories acquired by purchase*
14 *or conquest, only when and so far as Congress shall so direct. Notwithstanding its duty to 'guarantee to every*
15 *state in this Union a republican form of government' (art. 4, 4), by which we understand, according to the*
16 *definition of Webster, 'a government in which the supreme power resides in the whole body of the people,*
17 *and is exercised by representatives elected by them.' Congress did not hesitate, in the original organization of*
18 *the territories of Louisiana, Florida, the Northwest Territory, and its subdivisions of Ohio, Indiana,*
19 *Michigan, Illinois, and Wisconsin and still more recently in the case of Alaska, to establish a form of*
20 *government bearing a much greater analogy to a British Crown colony than a republican state of America,*
21 *and to vest the legislative power either in a governor and council, or a governor and judges, to be appointed by*
22 *the President. It was not until they had attained a certain population that power was given them to organize a*
23 *legislature by vote of the people. In all these cases, as well as in territories subsequently organized west of the*
24 *Mississippi, Congress thought it necessary either to extend to Constitution and laws of the United States over*
25 *them, or to declare that the inhabitants should be entitled to enjoy the right of trial by jury, of bail, and of the*
26 *privilege of the writ of habeas corpus, as well as other privileges of the bill of rights."*
27 *[Downes v. Bidwell, 182 U.S. 244 (1901)]*

28 3. The only place that licensing statutes can therefore apply is in areas where there are no constitutional rights or
29 protections, which includes ONLY the federal areas within the exterior limits of the state.

30 The state government can therefore ONLY enforce the provisions of the state revenue code in federal areas within the
31 exterior limits of the Republic State. The state therefore has taken great pains to move all the inhabitants of the Republic
32 State into the federal state by:

33 1. Obfuscating their voter registration, jury summons, and other forms in order to deceive inhabitants of the Republic
34 State into claiming they are statutory “U.S. citizens” domiciled on federal territory pursuant to [8 U.S.C. §1401](#). For
35 details on this SCAM, read:

<p><i>Why You are a “National”, “State National”, and Constitutional but not Statutory Citizen</i>, Form #05.006 http://sedm.org/Forms/FormIndex.htm</p>
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36 2. Referring to these persons as “residents”, which is defined in the Internal Revenue Code at [26 U.S.C. §7701\(b\)\(1\)\(A\)](#)
37 as an “alien” with a domicile in the federal zone or federal areas. If you admit to being a “resident” on any “State” or
38 federal form, you will be treated as a privileged alien with a domicile on federal territory in respect to both the federal
39 and state governments.

40 3. Referring to EVERYONE as “taxpayers” in order to fool them into believing they are “liable” to pay federal income
41 taxes and are subject to the Internal Revenue Code.

42 4. Refusing to accept as jurors or “registered voters” anyone who maintains a domicile in the Republic State instead of
43 the Corporate State.

44 5. By refusing to acknowledge than anyone is a “nontaxpayer” not subject to the Internal Revenue Code.

45 6. By ignoring correspondence from innocent persons who have been victimized by false information returns. This
46 causes them to become the subject of paper terrorism and relentless persecution by computers until the basically
47 succumb to sending bribes to keep the terrorists away.

48 7. By refusing to give a remedy to those who have been wronged by the illegal enforcement of the state revenue codes
49 outside of the Corporate State. An example is the California Anti-Injunction Act found in the California Constitution,
50 Article 13, Section 32, which reads:

1 California Constitution
2 Article 13
3 [Section 32](#)

4 SEC. 32. No legal or equitable process shall issue in any proceeding in any court against this State or any
5 officer thereof to prevent or enjoin the collection of any tax. After payment of a tax claimed to be illegal, an
6 action may be maintained to recover the tax paid, with interest, in such manner as may be provided by the
7 Legislature.

8 All of the above devious machinations are intended to destroy the sovereignty of those domiciled in the Republic State by
9 causing them to surrender sovereign immunity pursuant to [28 U.S.C. §1603\(b\)\(3\)](#), which says that those who are statutory
10 federal “U.S. citizens” pursuant to [8 U.S.C. §1401](#) cannot be an agency or instrumentality of a “foreign state”. The
11 Republic State, incidentally, is such a “foreign state”.

12 *“Foreign states. Nations which are outside the United States. Term may also refer to another state; i.e. a*
13 *sister state.”*
14 *[Black’s Law Dictionary, Sixth Edition, p. 648]*

15 The California Anti-Injunction Act mentioned above, as well as all other state anti-injunction acts, by the way, does NOT
16 apply to “nontaxpayers”, who are persons not domiciled on federal territory and who are not engaged in privileged “public
17 office”, which is called a “trade or business” in the Internal Revenue Code. The estates of “nontaxpayers”, as a matter of
18 fact, are referred to as a “foreign estate” in the Internal Revenue Code:

19 [TITLE 26 > Subtitle F > CHAPTER 79 > § 7701](#)
20 [§ 7701. Definitions](#)

21 (a) When used in this title, where not otherwise distinctly expressed or manifestly incompatible with the intent
22 thereof—

23 (31) Foreign estate or trust

24 (A) Foreign estate

25 The term “foreign estate” means an estate the income of which, from sources without the United States which is
26 not effectively connected with the conduct of a trade or business within the United States, is not includible in
27 gross income under subtitle A.

28 The above was confirmed by the U.S. Supreme Court in South Carolina v. Reagan, [465 U.S. 367](#) (1984). The reason is
29 clear:

- 30 1. No legislative enactment of the state or federal legislatures may undermine the protection or enforcement of
31 Constitutional rights.

32 **“The supremacy of the Constitution as law is thus declared without qualification. That supremacy is**
33 **absolute; the supremacy of a statute enacted by Congress is not absolute but conditioned upon its being made**
34 **in pursuance of the Constitution.** And a judicial tribunal, clothed by that instrument with complete judicial
35 power, and, therefore, by the very nature of the power, required to ascertain and apply the law to the facts in
36 every case or proceeding properly brought for adjudication, must apply the supreme law and reject the inferior
37 stat- [298 U.S. 238, 297] ute whenever the two conflict. In the discharge of that duty, the opinion of the
38 lawmakers that a statute passed by them is valid must be given great weight, *Adkins v. Children’s Hospital*, [261](#)
39 [U.S. 525, 544](#), 43 S.Ct. 394, 24 A.L.R. 1238; but their opinion, or the court’s opinion, that the statute will prove
40 greatly or generally beneficial is wholly irrelevant to the inquiry. *Schechter Poultry Corp. v. United States*, [295](#)
41 [U.S. 495, 549](#), 550 S., 55 S.Ct. 837, 97 A.L.R. 947. “
42 [*Carter v. Carter Coal Co.*, [298 U.S. 238](#) (1936)]

- 43 2. “taxpayers” have no rights because they maintain a legal domicile on federal territory, where there are no rights. See:
44 [“Taxpayer” v. “Nontaxpayer”: Which One Are You?](#)
45 <http://famguardian.org/Subjects/Taxes/Articles/TaxpayerVNontaxpayer.htm>
- 44 3. “nontaxpayers” retain all their rights and the state can therefore not legislatively divest themselves of the responsibility
45 to protect rights, which was the very reason governments were created to begin with. To wit:

1 *"The revenue laws are a code or system in regulation of tax assessment and collection. They relate to taxpayers,*
2 *and not to nontaxpayers. The latter are without their scope. No procedure is prescribed for nontaxpayers, and*
3 *no attempt is made to annul any of their rights and remedies in due course of law. With them Congress does not*
4 *assume to deal, and they are neither of the subject nor of the object of the revenue laws..."*

5 *"The distinction between persons and things within the scope of the revenue laws and those without is vital."*
6 [[Long v. Rasmussen, 281 F. 236, 238 \(1922\)](#)]

7 **9 Agreements on Coordination of Tax Administration (ACTA)**

8 Each state of the Union which has an income tax maintains what is called an Agreement on Coordination of Tax
9 Administration (ACTA) between the governor and attorney general of the State and the Treasury. Facts about these
10 agreements:

- 11 1. States cannot lawfully be coerced or compelled to enter into an ACTA Agreement.
- 12 2. The ACTA Agreement creates a fiduciary duty and "trusteeship" on the part of the state officials in the context of their
13 dealings with the inhabitants of federal areas within their exterior borders. This fiduciary relationship is described in:
 - 14 2.1. The agreement itself.
 - 15 2.2. [26 U.S.C. §§6361-6365](#).
 - 16 2.3. The regulations that implement [26 U.S.C. §§6361-6365](#) found at [26 CFR §§301.6361-1 through 301.6361-5](#). The
17 reason the regulations continue in force even though the underlying statutes have been repealed is that these
18 agreements are contracts, and the terms and conditions of these contracts are documented in the content of the
19 states when the state signed them. After the states signed them, the documentation of the existence of the contract
20 in the laws of the United States is removed from the code, but the contract itself continues into perpetuity.
- 21 3. States may not enforce the collection of state income taxes within federal areas or the Corporate State without entering
22 into an ACTA Agreement.
- 23 4. These agreements cannot and do not enlarge federal taxing or legislative powers within the Republic State. They only
24 affect or expand state taxing and legislative powers within the Corporate State, consisting of the federal areas or
25 possessions within the exterior limits of the state. The Supreme Court said, in fact, that no state can even consent to an
26 enlargement of federal powers within its border, including for the purposes of income tax:

27 *"To the contrary, **the Constitution divides authority between federal and state governments for the protection***
28 ***of individuals. State sovereignty is not just an end in itself: "Rather, federalism secures to citizens the***
29 ***liberties that derive from the diffusion of sovereign power."** [Coleman v. Thompson, 501 U.S. 722, 759 \(1991\)](#)*
30 *(BLACKMUN, J., dissenting). "Just as the separation and independence of the coordinate branches of the*
31 *Federal Government serve to prevent the accumulation of excessive power in any one branch, a healthy*
32 *balance of power between the States and the Federal Government will reduce the risk of tyranny and abuse*
33 *from either front." [Gregory v. \[505 U.S. 144, 182\]](#) [Ashcroft, 501 U.S., at 458](#). See *The Federalist* No. 51, p.*
34 *323. (C. Rossiter ed. 1961).*

35 ***Where Congress exceeds its authority relative to the States, therefore, the departure from the constitutional***
36 ***plan cannot be ratified by the "consent" of state officials. An analogy to the separation of powers among the***
37 ***branches of the Federal Government clarifies this point. The Constitution's division of power among the***
38 ***three branches is violated where one branch invades the territory of another, whether or not the encroached-***
39 ***upon branch approves the encroachment.** In [Buckley v. Valeo, 424 U.S. 1, 118 -137 \(1976\)](#), for instance, the
40 Court held that Congress had infringed the President's appointment power, despite the fact that the President
41 himself had manifested his consent to the statute that caused the infringement by signing it into law. See
42 [National League of Cities v. Usery, 426 U.S., at 842](#), n. 12. In [INS v. Chadha, 462 U.S. 919, 944 -959 \(1983\)](#),
43 we held that the legislative veto violated the constitutional requirement that legislation be presented to the
44 President, despite Presidents' approval of hundreds of statutes containing a legislative veto provision. See *id.*,
45 at 944-945. The constitutional authority of Congress cannot be expanded by the "consent" of the governmental
46 unit whose domain is thereby narrowed, whether that unit is the Executive Branch or the States.*

47 ***State officials thus cannot consent to the enlargement of the powers of Congress beyond those enumerated in***
48 ***the Constitution. Indeed, the facts of this case raise the possibility that powerful incentives might lead both***
49 ***federal and state officials to view departures from the federal structure to be in their personal interests.** Most
50 citizens recognize the need for radioactive waste disposal sites, but few want sites near their homes. As a result,
51 while it would be well within the authority of either federal or state officials to choose where the disposal sites
52 will be, it is likely to be in the political interest of each individual official to avoid being held accountable to the
53 voters for the choice of location. If [505 U.S. 144, 183] a federal official is faced with the alternatives of
54 choosing a location or directing the States to do it, the official may well prefer the latter, as a means of shifting
55 responsibility for the eventual decision. If a state official is faced with the same set of alternatives - choosing a
56 location or having Congress direct the choice of a location - the state official may also prefer the latter, as it*

1 may permit the avoidance of personal responsibility. The interests of public officials thus may not coincide with
2 the Constitution's intergovernmental allocation of authority. Where state officials purport to submit to the
3 direction of Congress in this manner, federalism is hardly being advanced. "
4 [New York v. United States, 505 U.S. 144 (1992)]

5 An example of an ACTA Agreement is found in our Tax Fraud Prevention Manual, Form #06.008, Section 3.7.2 and
6 following below:

[Tax Fraud Prevention Manual](http://sedm.org/ItemInfo/Ebooks/TaxFraudPrevMan/TaxFraudPrevMan.htm), Form #06.008
<http://sedm.org/ItemInfo/Ebooks/TaxFraudPrevMan/TaxFraudPrevMan.htm>

7 You can also find example ACTA Agreements at the address below:

<http://supremelaw.org/rsrc/acta/index.htm>

8 States of the Union and the federal government collude in keeping the existence of these ACTA Agreements secret by not
9 mentioning them anywhere on their websites or in their publications. If you live in a state that has an income tax, you can
10 get a copy of the ACTA Agreement for your state by sending a Freedom of Information Act (FOIA) to an IRS Disclosure
11 Office and asking them for a copy of it.

12 The Founding Fathers predicted that federal tax collection might be implemented through such agreements when they said
13 the following in the Federalist Papers:

14 *"It is true, that the Confederacy is to possess, and may exercise, the power of collecting internal as well as*
15 *external taxes throughout the States; but it is probable that this power will not be resorted to, except for*
16 *supplemental purposes of revenue; that an option will then be given to the States to supply their quotas by*
17 *previous collections of their own; **and that the eventual collection, under the***
18 ***immediate authority of the Union, will generally be made by the officers,***
19 ***and according to the rules, appointed by the several States. Indeed it is***
20 ***extremely probable, that in other instances, particularly in the***
21 ***organization of the judicial power, the officers of the States will be***
22 ***clothed with the correspondent authority of the Union.** "*

23 *"Should it happen, however, that separate collectors of internal revenue should be appointed under the federal*
24 *government, the influence of the whole number would not bear a comparison with that of the multitude of State*
25 *officers in the opposite scale. "*

26 *"Within every district to which a federal collector would be allotted, there would not be less than thirty or forty,*
27 *or even more, officers of different descriptions, and many of them persons of character and weight, whose*
28 *influence would lie on the side of the State. The powers delegated by the proposed Constitution to the federal*
29 *government are few and defined. Those which are to remain in the State governments are numerous and*
30 *indefinite. The former will be exercised principally on external objects, as war, peace, negotiation, and*
31 *foreign commerce; with which last the power of taxation will, for the most part, be connected. The powers*
32 *reserved to the several States will extend to all the objects which, in the ordinary course of affairs, concern*
33 *the lives, liberties, and properties of the people, and the internal order, improvement, and prosperity of the*
34 *State. The operations of the federal government will be most extensive and important in times of war and*
35 *danger; those of the State governments, in times of peace and security. As the former periods will probably*
36 *bear a small proportion to the latter, the State governments will here enjoy another advantage over the*
37 *federal government. The more adequate, indeed, the federal powers may be rendered to the national defense,*
38 *the less frequent will be those scenes of danger which might favor their ascendancy over the governments of*
39 *the particular States."*

40 [Federalist Paper No 45 (Jan. 1788), James Madison]

41 The method described by the Founding Fathers in the Federalist Papers above of "clothing officers of the states with the
42 authority of the Union" the combination of the following:

- 43 1. The ACTA agreement.
- 44 2. The Buck Act, 4 U.S.C. §106.
- 45 3. 5 U.S.C. §5517.

1 The part that neither the Courts nor the IRS will admit, even though it is true, is that the “State” they are talking about is
2 ONLY a federal territory and cannot lawfully be a state of the Union mentioned in the Constitution without violating the
3 separation of powers doctrine and causing officers of the state to have a conflict of interest and allegiance.

4 **10 Conclusions and summary**

- 5 1. State income tax liability has federal tax liability as a prerequisite in every state that has personal income taxes.
- 6 2. State income taxes apply only in federal areas located within the exterior limit of the state. They do NOT apply to
7 areas that are under the exclusive jurisdiction of the state. The only place they can be lawfully collected or enforced is
8 where the federal government and states of the union enjoy concurrent legislative jurisdiction, which can only occur
9 within federal areas.
- 10 3. What were once de jure sovereign states of the Union have become federal corporations and U.S. government
11 subsidiaries:
 - 12 3.1. De jure states of the Union tied to specific “territory” have now become “virtual states” or “political states” rather
13 than geographic states whose occupants are statutory “U.S. citizens” residing on federal territory regardless of
14 where they physically live. This transformation began after the Civil War, when most states rewrote their
15 constitutions to remove references to their geographical boundaries. In that sense, they became strictly political
16 and business entities with no actual “territory” of their own.
 - 17 3.2. The exercise of the power to contract of the de jure Republic States have made them into Corporate States and
18 federal subsidiaries of the United States federal government. The Agreements on Coordination of Tax
19 Administration (ACTA) implemented under the authority of the now repealed [26 U.S.C. §6361-6365](#) have made
20 them into agents and fiduciaries of the “United States” mother corporation under the Buck Act, 4 U.S.C. §105 et
21 seq, and moved their effective domicile to the District of Columbia pursuant to [26 U.S.C. §7408\(d\)](#), [26 U.S.C.](#)
22 [§7701\(a\)\(39\)](#), and Federal Rule of Civil Procedure 17(b). By tacitly agreeing to participate in the “trade or
23 business”/“public office”/“social insurance” franchise, they agreed to represent a federal corporation as officers of
24 said corporation and the laws which apply are the place of incorporation of that federal corporation, which is the
25 District of Columbia.
 - 26 3.3. You must contract to procure the franchises of the Corporate States and the “United States” in order to “qualify”
27 for them to service any of your needs. Those who refuse to partake of franchises are treated as though they don’t
28 exist at all by the government. If you don’t have a license number to act as a “public officer” called a “Social
29 Security Number”, then you may as well live in a foreign country, because they won’t even talk to you.
 - 30 3.4. When you engage in the franchise, your effective domicile becomes federal territory within the state and you
31 become a “public officer” by virtue of partaking in the franchise.
 - 32 3.5. The term “State of _____” is the name for this de facto corporation.

33 *California Revenue and Taxation Code*

34 17018. "State" includes the District of Columbia, and the possessions of the United States.
35 [SOURCE:
36 <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=rtc&group=17001-18000&file=17001-17039.1>]

- 37 3.6. All those with a “residence” within this corporate state are officers and employees of CorpGov.
- 38 3.7. The perjury statement on most state forms places you “within” this corporate, fictitious political state as a “public
39 officer”.

40 *Perjury statement at the end of California Judicial Council Form CIV-010*

41 “I declare under penalty of perjury under the laws of the State of California that the foregoing are true and
42 correct.”
43 [SOURCE:
44 <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=rtc&group=17001-18000&file=17001-17039.1>]

45 Private persons are not physically present and domiciled within this corporate “State”. The only “persons” the
46 government can lawfully legislate for without engaging in involuntary servitude in violation of the Thirteenth
47 Amendment are “residents” of this fictitious corporate government state. All of these “persons” are “public
48 officials” participating in government franchises. All of them are “residents” of the corporate state by virtue of
49 signing up for the franchises using their right to contract. A person who is not a “public official” participating in

1 government franchises would be committing perjury under penalty of perjury to admit that he is “under the laws of
2 the State of _____” as a private person.

3 4. In order to form a legitimate government, you need people, laws, and territory. The Corporate States have people and
4 laws but no territory of their own.

5 4.1. All of the “territory” of the Corporate States is borrowed from the federal government under the Buck Act, 4
6 U.S.C. §105 et seq. This territory consists of the federal areas within the exterior limits of the state and it
7 qualifies as a “possession” of the United States under the Buck Act, [4 U.S.C. §110\(d\)](#) and is part of the federal
8 zone.

9 4.2. The borrowed territory of the Corporate States is a place where both state and federal legislative jurisdiction
10 coincide. It is the ONLY place, in fact, where these jurisdictions coincide because of the separation of powers
11 doctrine. See:

[Government Conspiracy to Destroy the Separation of Powers, Form #05.023](#)
<http://sedm.org/Forms/FormIndex.htm>

12 4.3. Virtually all the laws passed by the Corporate States are intended exclusively for this shared territory within the
13 federal zone. Ditto for the federal government.

14 4.4. The statutes and contracts which regulate the “sharing” of federal territory by the Corporate State are found in:

15 4.4.1. The Buck Act, 4 U.S.C. §105 et seq.

16 4.4.2. The Assimilated Crimes Act, [18 U.S.C. §13](#).

17 4.4.3. The Rules of Decision Act, [28 U.S.C. §1652](#). This act prescribes which of the two conflicting laws shall
18 prevail in the case of crimes on federal territory.

19 4.4.4. [28 U.S.C. §2679\(c\)](#), which says that any action against an officer or employee of the United States in which
20 the officer or employee is acting outside their authority shall be prosecuted in a state court.

21 4.4.5. Agreement on Coordination of Tax Administration (ACTA) between the state and the Secretary of the
22 Treasury.

23 4.4.6. 26 U.S.C. §6361-6365, which governs states who are part to the above ACTA agreement. These statutes
24 say they are repealed, but they implement contracts between the states and federal governments and so they
25 can't be repealed. Those acts of Congress in the Statutes At Large that embody them are still in full force.

26 5. The federal areas within the exterior limits of your state:

27 5.1. Are the effective domicile or “residence” of the government apparatus of the Corporate State. Anyone who
28 works as a public officer for the state government is treated as having a domicile in this place for the purposes of
29 their official employment.

30 [TITLE 26 > Subtitle A > CHAPTER 1 > Subchapter N > PART II > Subpart D > § 892](#)
31 [§ 892. Income of foreign governments and of international organizations](#)

32 (a) Foreign governments

33 (3) Treatment as resident

34 ***For purposes of this title, a foreign government shall be treated as a corporate resident of its country. A***
35 ***foreign government shall be so treated for purposes of any income tax treaty obligation of the United States if***
36 ***such government grants equivalent treatment to the Government of the United States.***

37 5.2. Are not protected by the Bill of Rights. EVERYTHING is a franchise and a privilege within these areas:

38 *“Indeed, the practical interpretation put by Congress upon the Constitution has been long continued and*
39 *uniform to the effect [182 U.S. 244, 279] that the Constitution is applicable to territories acquired by purchase*
40 *or conquest, only when and so far as Congress shall so direct. Notwithstanding its duty to 'guarantee to every*
41 *state in this Union a republican form of government' (art. 4, 4), by which we understand, according to the*
42 *definition of Webster, 'a government in which the supreme power resides in the whole body of the people,*
43 *and is exercised by representatives elected by them,' Congress did not hesitate, in the original organization of*
44 *the territories of Louisiana, Florida, the Northwest Territory, and its subdivisions of Ohio, Indiana,*
45 *Michigan, Illinois, and Wisconsin and still more recently in the case of Alaska, to establish a form of*
46 *government bearing a much greater analogy to a British Crown colony than a republican state of America,*
47 *and to vest the legislative power either in a governor and council, or a governor and judges, to be appointed by*
48 *the President. It was not until they had attained a certain population that power was given them to organize a*
49 *legislature by vote of the people. In all these cases, as well as in territories subsequently organized west of the*
50 *Mississippi, Congress thought it necessary either to extend to Constitution and laws of the United States over*
51 *them, or to declare that the inhabitants should be entitled to enjoy the right of trial by jury, of bail, and of the*
52 *privilege of the writ of habeas corpus, as well as other privileges of the bill of rights.”*

53 [*Downes v. Bidwell, 182 U.S. 244 (1901)*]

- 1 5.3. Are the effective domicile of all those who participate in government franchises, including the income tax,
2 driver's licenses, and marriage licenses.
3 5.4. Are the legal place where all business is conducted with the government.
4 6. What used to be called a "citizen" is now nothing more than a glorified privileged corporate "employee" or "officer" or
5 "public officer" of a gigantic corporate monopoly. The term "United States" as used in most federal statutes implies
6 the GOVERNMENT corporation, and not the geographical states of the Union. In that sense, all states have
7 transitioned from territorial political entities to entirely corporate, NONpolitical business entities.

8 [TITLE 26 > Subtitle F > CHAPTER 79 > Sec. 7701. \[Internal Revenue Code\]](#)
9 [Sec. 7701. - Definitions](#)

10 (a) When used in this title, where not otherwise distinctly expressed or manifestly incompatible with the intent
11 thereof—

12 (9) United States

13
14 The term "United States" when used in a geographical sense includes only the [States](#) and the District of
15 Columbia.

16 (10) State

17 The term "State" shall be construed to include the District of Columbia, where such construction is necessary to
18 carry out provisions of this title.
19

20 Uniform Commercial Code (U.C.C.)
21 § 9-307. LOCATION OF DEBTOR.

22 (h) [Location of United States]

23 The United States is located in the **District of Columbia**.

24 [SOURCE:

25 <http://www.law.cornell.edu/ucc/search/display.html?terms=district%20of%20columbia&url=/ucc/9/article9.htm>
26 [#s9-307](#)]
27

28 CHAP. LXII. – An Act to provide a Government for the District of Columbia

29 Be it enacted by the Senate and House of Representatives of the United States of America in Congress
30 assembled, **That all that part of the territory of the United States included within the limits of the District of**
31 **Columbia be, and the same is hereby, created into a government of the name of the District of Columbia, by**
32 **which name it is hereby constituted a body corporate [notice the word "body politic" is omitted] for**
33 **municipal purposes**, and may contract and be contracted with, sue and be sued, plead and be impleaded, have
34 a seal, and exercise all other powers of a municipal corporation not inconsistent with the Constitution and laws
35 of the United States and the provisions of this act.

36 [Statutes at Large, 16 Stat. 419 (1871);

37 SOURCE: <http://famguardian.org/Subjects/Taxes/16Amend/SpecialLaw/DCCorpStatuesAtLarge.pdf>

38 For further details on the above SCAM, see:

[Corporatization and Privatization of the Government](#), Form #05.024

<http://sedm.org/Forms/FormIndex.htm>

- 39 7. State income taxes are implemented and enforced under the following legal authorities:
40 7.1. The Internal Revenue Code, sections 6361 through 6365. These statutes have since been removed from the I.R.C.
41 after passage of the Buck Act, but the agreements with the states they wrought are still codified and enforceable
42 within the regulations which implement them.
43 7.2. 26 CFR §301.6361 through 26 CFR §301.6365.
44 7.3. The Agreement on Coordination of Tax Administration between the governor of the state and the Secretary of the
45 Treasury, which then binds the state to abide by 26 U.S.C. §6361 through 6365 and 26 CFR §301.6361 through
46 26 CFR §301.6365.
47 7.4. The Buck Act, 4 U.S.C. §105-110.
48 7.5. The Assimilated Crimes Act, [18 U.S.C. §13](#).

1 7.6. The Rules of Decision Act, [28 U.S.C. §1652](#). This act prescribes which of the two conflicting laws shall prevail
2 in the case of crimes on federal territory.

3 7.7. [28 U.S.C. §2679\(c\)](#) , which says that any action against an officer or employee of the United States in which the
4 officer or employee is acting outside their authority shall be prosecuted in a state court.

5 7.8. Agreement on Coordination of Tax Administration (ACTA) between the state and the Secretary of the Treasury.

6 8. The only way a person domiciled in the exclusive jurisdiction of a state or outside the “United States” (District of
7 Columbia or the territories and possessions, which we collectively call the “federal zone”) can owe either a federal
8 income tax or a state income tax is:

9 8.1. By falsely declaring a domicile in the “United States” or the federal zone instead of their state on a government
10 form. This is usually done by filing the WRONG tax form, the IRS Form 1040, instead of the correct IRS
11 1040NR for a domiciliary of a state of the Union. This “election” is confirmed by IRS Document 7130, which
12 says that the IRS Form 1040 is only for “citizens and residents of the United States”, and the only “United States”
13 they can mean is the statutory one defined in 26 U.S.C. §7701(a)(9) and (a)(10) as the District of Columbia and
14 not a state of the Union.

15 8.2. By connecting themselves with a public office in the United States government. The Internal Revenue Code is
16 primarily an excise tax upon a “trade or business”, which is defined in [26 U.S.C. §7701\(a\)\(26\)](#) as “the functions
17 of a public office”. See:

The “Trade or Business” Scam, Form #05.001

<http://sedm.org/Forms/FormIndex.htm>

18 8.3. By MISREPRESENTING their status on government forms by, for instance, filing a RESIDENT tax return, IRS
19 Form 1040 instead of the correct 1040NR. See:

Nonresident Alien Position, Form #05.020

<http://sedm.org/Forms/FormIndex.htm>

20 8.4. By accepting privileged payments or benefits from the federal government and thereby waiving sovereign
21 immunity pursuant to [28 U.S.C. §1605\(a\)\(2\)](#) and 26 U.S.C. §871.

22 8.5. By signing a voluntary “agreement” to procure “social insurance” called a W-4 form. The following authorities
23 identify this form as an “agreement”, even though the form itself deceptively does not admit this:

24 8.5.1. [26 U.S.C. §3402\(p\)](#)

25 8.5.2. 26 CFR §31.3402(p)-1

26 8.5.3. 26 CFR §31.3401(a)-3(a)

27 8.6. By mistakenly assessing themselves with a tax liability that they in fact do not have.

28 8.7. By allowing false information return reports to be filed against them without correcting or rebutting them.
29 Pursuant to [26 U.S.C. §6041\(a\)](#), these reports may only be filed against persons engaged in a “trade or business”,
30 which is a public office inside the United States government.

31 8.8. By taking “trade or business” deductions to reduce a perceived but not actual tax liability. [26 U.S.C. §162](#) says
32 that such deductions can ONLY be taken in connection with a “trade or business”. IRS Publication 519 also says
33 that nonresident aliens not engaged in a trade or business may not take such deductions. A nonresident alien not
34 engaged in a “trade or business” and who does not receive government payments has no “gross income” and
35 therefore needs no deductions to reduce his “gross income” or his tax. 26 CFR §1.872-2(f).

36 9. State revenue codes may NOT be enforced or even mentioned in the context on any activities within the exclusive
37 jurisdiction of the state. They may only be cited against activities in federal areas. If a state employee wrongfully
38 applies these statutes against a person not domiciled on federal territory or cites caselaw from a federal court that has
39 no jurisdiction outside of federal territory, then:

40 9.1. He is violating Fed.Rul.Civ.Proc. 17(b), which says that the only civil law he can cite is from the domicile of the
41 defendant.

42 9.2. He is violating the [Rules of Decision Act, 28 U.S.C. §1652](#), which says that state and not federal territorial law
43 applies.

44 9.3. The caselaw he cites from federal courts is serving as the equivalent of political propaganda and NOT genuine
45 lawful authority.

46 9.4. He is applying foreign law that is inapplicable to you and thereby committing treason in destroying the separation
47 of powers between the state and federal governments. This treasonous tactic is not unlike the tactics of the British
48 cited in the Declaration of Independence. To wit:

49 *“He has combined with others to subject us to a jurisdiction foreign to our constitution, and unacknowledged
50 by our laws; giving his assent to their acts of pretended legislation.”*

2 That is only one of the many grievances the People had, causing them to declare their independence from England
3 to found this new country, to declare their sovereignty under the Laws of Nature. As sovereign, they would
4 institute a new government to protect their sovereignty and unalienable, inherent Rights --a new government that
5 would function in the interests of the People, the governed (i.e., the protected). They would establish and ordain a
6 Constitution by which they would give their consent to the new government by delegating certain enumerated
7 powers to it, to be used for the protection of their inborn sovereign rights --rights which exist by Nature, not by
8 mankind. Today, some 230 years after the Declaration, the People again grieve because the U.S. government,
9 originally instituted for the protection of their rights, has abandoned that responsibility and subjected them to a
10 jurisdiction **foreign to our Constitution**, and unacknowledged by our [constitutional] laws; and has given its
11 assent to its acts of pretended legislation. The People grieve today because the government they instituted has
12 abandoned their precious rights wrought by the self-evident truths proclaimed in the Declaration of Independence.

13 Moving beyond the income tax issue to the bigger picture, if you want to know about other ways that the states have
14 effectively surrendered their sovereignty to the federal government and thereby abdicated their sacred stewardship and
15 contract found in the state constitution to protect your rights, please read the following:

Government Conspiracy to Destroy the Separation of Powers, Form #05.023
<http://sedm.org/Forms/FormIndex.htm>

16 Of the preservation of the separation of powers between the state and federal government, which incidentally the Social
17 Security Act and the Buck Act BOTH DESTROY, the U.S. Supreme Court has said:

18 *“The determination of the Framers Convention and the ratifying conventions to preserve complete and*
19 *unimpaired state self-government in all matters not committed to the general government is one of the*
20 *plainest facts which emerges from the history of their deliberations.* *And adherence to that determination is*
21 *incumbent equally upon the federal government and the states. State powers can neither be appropriated on*
22 *the one hand nor abdicated on the other. As this court said in Texas v. White, 7 Wall. 700, 725, ‘The*
23 *preservation of the States, and the maintenance of their governments, are as much within the design and*
24 *care of the Constitution as the preservation of the Union and the maintenance of the National government.*
25 *The Constitution, in all its provisions, looks to an indestructible Union, composed of indestructible States.’*
26 *Every journey to a forbidden end begins with the first step; and the danger of such a step by the federal*
27 *government in the direction of taking over the powers of the states is that the end of the journey may find the*
28 *states so despoiled of their powers, or-what may amount to the same thing-so [298 U.S. 238, 296] relieved of*
29 *the responsibilities which possession of the powers necessarily enjoins, as to reduce them to little more than*
30 *geographical subdivisions of the national domain. It is safe to say that if, when the Constitution was under*
31 *consideration, it had been thought that any such danger lurked behind its plain words, it would never have been*
32 *ratified.”*
33 [*Carter v. Carter Coal Co.*, [298 U.S. 238](#) (1936)]

34
35
36 *“If the time shall ever arrive when, for an object appealing, however strongly, to our sympathies, the dignity of*
37 *the States shall bow to the dictation of Congress by conforming their legislation thereto, when the power and*
38 *majesty and honor of those who created shall become subordinate to the thing of their creation, I but feebly*
39 *utter my apprehensions when I express my firm conviction that we shall see ‘the beginning of the end.’”*
40 [*Steward Machine Co. v. Davis*, [301 U.S. 548](#) (1937)]

41 **11 Resources for Further Study and Rebuttal**

42 Those readers wishing to investigate the subject discussed in this short pamphlet further are encouraged to investigate the
43 following sources of additional information:

- 44 1. *State Tax Response Letter Index*, Form #07.201:
45 <http://sedm.org/SampleLetters/States/StateRespLtrIndex.htm>
- 46 2. *Corporatization and Privatization of the Government*, Form #05.024--explains how the separation of legislative powers
47 between the de jure states of the union and the federal government has been systematically destroyed and the states of
48 the union have become federal corporations.
49 <http://sedm.org/Forms/FormIndex.htm>

3. *Jurisdiction Over Federal Areas Within the States*, United States Government Printing Office, 1957, Form #11.203- excellent resource on federal jurisdiction within the “Corporate State”. Available at: <http://sedm.org/khxc/index.php?app=ccp0&ns=prodshow&ref=JurisOverFedAreasInStates>
4. *Family Guardian Taxation Page*. Many useful resources and research articles on the subject of lawful and constitutional taxation. Part of Family Guardian Website (<http://famguardian.org>). See: <http://famguardian.org/Subjects/Taxes/taxes.htm>
5. *Great IRS Hoax*, Form #11.302;. Book that exhaustively analyzes the proper and lawful execution of the Internal Revenue Code and proves beyond a shadow of doubt that the IRS and the federal government are unlawfully administering the system. Brought to you by Family Guardian Website (<http://famguardian.org>). See: <http://famguardian.org/Publications/GreatIRSHoax/GreatIRSHoax.htm>
6. *Federal and State Income Taxation of Individuals Course*, Form #12.003. Free short training course that describes the basics of tax law. See: <http://sedm.org/Forms/FormIndex.htm>
7. *Income Tax Withholding and Reporting Course*, Form #12.004. Free short training course that describes the basics of federal tax withholding and reporting. See: <http://sedm.org/Forms/FormIndex.htm>
8. *Federal and State Tax Withholding Options for Private Employers*, Form #09.001. Free book that briefly describes lawful options for withholding and reporting for private employers. Brought to you by Family Guardian Website (<http://famguardian.org>). See: <http://sedm.org/Forms/FormIndex.htm>
9. *Federal Tax Withholding*, Form #04.102. Short pamphlet that summarizes the above book in very few pages. Intended to be given to busy bosses, payroll managers, and legal counsel for private businesses to succinctly explain the requirements of the law in the context of tax withholding and reporting. See: <http://sedm.org/Forms/FormIndex.htm>

12 Questions that Readers, Grand Jurors, and Petit Jurors Should be Asking the Government

“For this is the will of God, that by doing good you may put to silence the ignorance of foolish men— as free, yet not using liberty as a cloak for vice, but as bondservants of God.”
[1 Peter 2:15-17, Bible, NKJV]

These questions are provided for readers, Grand Jurors, and Petit Jurors to present to the government or anyone else who would challenge the facts and law appearing in this pamphlet, most of whom work for the government or stand to gain financially from perpetuating the fraud. If you find yourself in receipt of this pamphlet, you are demanded to answer the questions within 10 days. Pursuant to [Federal Rule of Civil Procedure 8\(b\)\(6\)](#), failure to deny within 10 days constitutes an admission to each question. Pursuant to [26 U.S.C. §6065](#), all of your answers must be signed under penalty of perjury. We are not interested in agency policy, but only sources of reasonable belief identified in the pamphlet below:

Reasonable Belief About Income Tax Liability, Form #05.007
<http://sedm.org/Forms/FormIndex.htm>

Your answers will become evidence in future litigation, should that be necessary in order to protect the rights of the person against whom you are attempting to unlawfully enforce federal law.

1. Admit that each state of the Union legislates for TWO mutually exclusive jurisdictions:
 - 1.1. Territory of the state subject to the exclusive jurisdiction of the state. These areas are referred to as the “Republic State” within this document.
 - 1.2. Federal areas and possessions within the exterior limits of the state. These areas are referred to as the “Corporate State” within this document.

YOUR ANSWER (circle one): Admit/Deny

2. Admit that neither the state nor the federal constitutions authorize the existence of the Corporate State, and that all powers not expressly granted to the state and federal governments by their respective constitutions are reserved to the People of the state.

1 YOUR ANSWER (circle one): Admit/Deny

- 2 3. Admit that it is a conflict of interest for officers of the Republic State to also serve the Corporate State.

3 CALIFORNIA CONSTITUTION
4 ARTICLE 7 PUBLIC OFFICERS AND EMPLOYEES

5 SEC. 7. A person holding a lucrative office under the United States or other power may not hold a civil
6 office of profit. A local officer or postmaster whose compensation does not exceed 500 dollars per year or an
7 officer in the militia or a member of a reserve component of the armed forces of the United States except where
8 on active federal duty for more than 30 days in any year is not a holder of a lucrative office, nor is the holding
9 of a civil office of profit affected by this military service.

10 YOUR ANSWER (circle one): Admit/Deny

- 11 4. Admit that federal areas within the “Corporate State” are described in [Article 1](#), Section 8, Clause 17 of the United
12 States Constitution.

13 United States Constitution
14 Article 1, Section 8, Clause 17

15 The Congress shall have Power [. . .]

16 To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten Miles square)
17 as may, by Cession of Particular States, and the Acceptance of Congress, become the Seat of the Government of
18 the United States, and to exercise like Authority over all Places purchased by the Consent of the Legislature of
19 the State in which the Same shall be, for the Erection of Forts, Magazines, Arsenals, dock-Yards and other
20 needful Buildings;--And

21 [SOURCE: <http://caselaw.lp.findlaw.com/data/constitution/article01/>]

22 YOUR ANSWER (circle one): Admit/Deny

- 23 5. Admit that federal areas within the “Corporate State” are not protected by the Bill of Rights, which are the first Ten
24 Amendments to the United States Constitution.

25 “Indeed, the practical interpretation put by Congress upon the Constitution has been long continued and
26 uniform to the effect that the Constitution is applicable to territories acquired by purchase or conquest, only
27 when and so far as Congress shall so direct.”
28 [Downes v. Bidwell, 182 U.S. 244, at 278-279 (1901)]

29 YOUR ANSWER (circle one): Admit/Deny

- 30 6. Admit that a “resident” for the purposes of filing a “resident” state income tax return is an alien with a domicile on
31 federal territory.

32 [26 U.S.C. §7701\(b\)\(1\)\(A\) Resident alien](#)

33 (b) Definition of **resident alien** and nonresident alien

34 (1) In general

35 For purposes of this title (other than subtitle B) -

36 (A) **Resident alien**

37 An alien individual shall be treated as a resident of the United States with respect to any calendar year if (and
38 only if) such individual meets the requirements of clause (i), (ii), or (iii):

39 (i) Lawfully admitted for permanent residence

40 Such individual is a lawful permanent resident of the United States at any time during such calendar year.

41 (ii) Substantial presence test

42 Such individual meets the substantial presence test of paragraph (3).
43

1 (iii) *First year election*
2 *Such individual makes the election provided in paragraph (4).*
3

4 ***“Residents, as distinguished from citizens, are aliens who are permitted to take up a permanent abode in the***
5 ***country. Being bound to the society by reason of their [intention of] dwelling in it, they are subject to its laws***
6 ***so long as they remain there, and, being protected by it, they must defend it, although they do not enjoy all the***
7 ***rights of citizenship. They have only certain privileges which the law, or custom, gives them. Permanent***
8 ***residents are those who have been given the right of perpetual residence. They are a sort of citizen of a less***
9 ***privileged character, and are subject to the society without enjoying all its advantages. Their children succeed***
10 ***to their status; for the right of perpetual residence given them by the State passes to their children.”***
11 ***[The Law of Nations, p. 87, E. De Vattel, Volume Three, 1758, Carnegie Institution of Washington; emphasis***
12 ***added.]***

13 YOUR ANSWER (circle one): Admit/Deny

- 14 7. Admit that the United States Constitution forbids the President of the United States to “join or divide” any state of the
15 Union.

16 *United States Constitution*
17 *Article 4, Section 3, Clause 1*

18 *New States may be admitted by the Congress into this Union; but no new State shall be formed or erected within*
19 *the Jurisdiction of any other State; nor any State be formed by the Junction of two or more States, or Parts of*
20 *States, without the Consent of the Legislatures of the States concerned as well as of the Congress.*

21 YOUR ANSWER (circle one): Admit/Deny

- 22 8. Admit that [26 U.S.C. §7621](#) authorizes the President of the United States to join or divide “States”:

23 [TITLE 26 > Subtitle F > CHAPTER 78 > Subchapter B > § 7621](#)
24 [§7621. Internal revenue districts](#)

25 (a) *Establishment and alteration*

26 *The President shall establish convenient internal revenue districts for the purpose of administering the internal*
27 *revenue laws. The President may from time to time alter such districts.*

28 (b) *Boundaries*

29 *For the purpose mentioned in subsection (a), the President may subdivide any State, or the District of*
30 *Columbia, or may unite into one district two or more States.*

31 YOUR ANSWER (circle one): Admit/Deny

- 32 9. Admit that the “State” referred to in [26 U.S.C. §7621](#) above is a federal “State” defined in 4 U.S.C. §110(d), which is a
33 territory or possession of the United States and includes no part of any state of the Union:

34 [TITLE 4 > CHAPTER 4 > § 110](#)
35 [§ 110. Same: definitions](#)

36 *As used in sections 105–109 of this title—*

37 (d) *The term “State” includes any Territory or possession of the United States.*

38 YOUR ANSWER (circle one): Admit/Deny

- 39 10. Admit that the states of the Union are not “territories” of the United States:

40 *Corpus Juris Secundum Legal Encyclopedia*
41 *Territories*
42 *”§1. Definitions, Nature, and Distinctions*

1 *"The word 'territory,' when used to designate a political organization has a distinctive, fixed, and legal*
2 *meaning under the political institutions of the United States, and does not necessarily include all the*
3 *territorial possessions of the United States, but may include only the portions thereof which are organized*
4 *and exercise governmental functions under act of congress."*

5 *"While the term 'territory' is often loosely used, and has even been construed to include municipal subdivisions*
6 *of a territory, and 'territories of the' United States is sometimes used to refer to the entire domain over which*
7 *the United States exercises dominion, the word 'territory,' when used to designate a political organization, has*
8 *a distinctive, fixed, and legal meaning under the political institutions of the United States, and the term*
9 *'territory' or 'territories' does not necessarily include only a portion or the portions thereof which are organized*
10 *and exercise government functions under acts of congress. The term 'territories' has been defined to be*
11 *political subdivisions of the outlying dominion of the United States, and in this sense the term 'territory' is not a*
12 *description of a definite area of land but of a political unit governing and being governed as such. The question*
13 *whether a particular subdivision or entity is a territory is not determined by the particular form of government*
14 *with which it is, more or less temporarily, invested.*

15 **"Territories' or 'territory' as including 'state' or 'states.'" While the term 'territories of**
16 **the' United States may, under certain circumstances, include the states of the Union, as**
17 **used in the federal Constitution and in ordinary acts of congress "territory" does not**
18 **include a foreign state.**

19 *"As used in this title, the term 'territories' generally refers to the political subdivisions created by congress,*
20 *and not within the boundaries of any of the several states."*
21 *[86 C.J.S. [Corpus, Juris, Secundum, Legal Encyclopedia], Territories, §1, Emphasis added]*

22 YOUR ANSWER (circle one): Admit/Deny

- 23 11. Admit that in California, for example, the Corporate State is defined in the [Revenue and Taxation Code Section 17018](#)
24 as follows:

25 *California Revenue and Taxation Code*
26 *Division 2: Other Taxes*
27 *Part 10: Personal Income Tax*

28 *17018. "State" includes the District of Columbia, and the possessions of the United States.*

29 *[SOURCE: [http://www.leginfo.ca.gov/cgi-bin/displaycode?section=rtc&group=17001-18000&file=17001-](http://www.leginfo.ca.gov/cgi-bin/displaycode?section=rtc&group=17001-18000&file=17001-17039.1)*
30 *[17039.1\]](http://www.leginfo.ca.gov/cgi-bin/displaycode?section=rtc&group=17001-18000&file=17001-17039.1)*

31 YOUR ANSWER (circle one): Admit/Deny

- 32 12. Admit that federal areas within the "Corporate State" are privileged areas where all "rights" are legislatively derived,
33 and therefore become revocable "privileges" subject to the will of Congress.

34 YOUR ANSWER (circle one): Admit/Deny

- 35 13. Admit that the federal income tax liability under I.R.C. Subtitle A is a prerequisite to state income tax liability in every
36 state of the Union that has personal income taxes.

37 YOUR ANSWER (circle one): Admit/Deny

- 38 14. Admit that all income taxes require a domicile within the territory of the taxing authority.

39 **"Thus, the Court has frequently held that domicile or residence, more substantial than mere presence in**
40 **transit or sojourn, is an adequate basis for taxation, including income, property, and death taxes. Since the**
41 **Fourteenth Amendment makes one a citizen of the state wherein he resides, the fact of residence creates**
42 **universally reciprocal duties of protection by the state and of allegiance and support by the citizen. The latter**
43 **obviously includes a duty to pay taxes, and their nature and measure is largely a political matter.** *Of course,*
44 *the situs of property may tax it regardless of the citizenship, domicile, or residence of the owner, the most*
45 *obvious illustration being a tax on realty laid by the state in which the realty is located."*
46 *[Miller Brothers Co. v. Maryland, [347 U.S. 340](#) (1954)]*

1 *"This right to protect persons having a domicile, though not native-born or naturalized citizens, rests on the*
2 *firm foundation of justice, and the claim to be protected is earned by considerations which the protecting*
3 *power is not at liberty to disregard. Such domiciled citizen pays the same price for his protection as native-*
4 *born or naturalized citizens pay for theirs. He is under the bonds of allegiance to the country of his*
5 *residence, and, if he breaks them, incurs the same penalties. He owes the same obedience to the civil laws.*
6 *His property is, in the same way and to the same extent as theirs, liable to contribute to the support of the*
7 *Government. In nearly all respects, his and their condition as to the duties and burdens of Government are*
8 *undistinguishable."*
9 [Fong Yue Ting v. United States, [149 U.S. 698](#) (1893)]

10 See also and rebut admissions at the end of the following if you disagree:

[Why Domicile and Becoming a "Taxpayer" Require Your Consent](#), Form #05.002
<http://sedm.org/Forms/FormIndex.htm>

11 YOUR ANSWER (circle one): Admit/Deny

12 15. Admit that you can only have a legal domicile in one physical place at a time.

13 *"Domicile. [. . .] A person may have more than one residence but only one domicile."*
14 [Black's Law Dictionary, Sixth Edition, p. 485]

15 YOUR ANSWER (circle one): Admit/Deny

16 16. Admit that federal income taxes have as a prerequisite legal domicile on federal territory and NOT on land under
17 exclusive Republic State jurisdiction.

18 YOUR ANSWER (circle one): Admit/Deny

19 17. Admit that human beings who are born in and domiciled within any state of the Union on land under exclusive
20 Republic State jurisdiction and which is part of the Republic State but not Corporate State are "nationals" but not
21 statutory "U.S. citizens" pursuant to [8 U.S.C. §1101\(a\)\(21\)](#) and [8 U.S.C. §1452](#).

22 See:

[Why You are a "National", "State National", and Constitutional but not Statutory Citizen](#), Form #05.006
<http://sedm.org/Forms/FormIndex.htm>

23 YOUR ANSWER (circle one): Admit/Deny

24 18. Admit that what makes a human being a statutory "U.S. citizen" under [8 U.S.C. §1401](#) is a legal domicile on federal
25 territory.

26 *"The writers upon the law of nations distinguish between a temporary residence in a foreign country for a*
27 *special purpose and a residence accompanied with an intention to make it a permanent place of abode. The*
28 *latter is styled by Vattel [in his book The Law of Nations as] "domicile," which he defines to be "a habitation*
29 *fixed in any place, with an intention of always staying there." Such a person, says this author, becomes a*
30 *member of the new society at least as a permanent inhabitant, and is a kind of citizen of the inferior order*
31 *from the native citizens, but is, nevertheless, united and subject to the society, without participating in all its*
32 *advantages. This right of domicile, he continues, is not established unless the person makes sufficiently*
33 *known his intention of fixing there, either tacitly or by an express declaration. Vatt. Law Nat. pp. 92, 93.*
34 *Grotius nowhere uses the word "domicile," but he also distinguishes between those who stay in a foreign*
35 *country by the necessity of their affairs, or from any other temporary cause, and those who reside there from*
36 *a permanent cause. The former he denominates "strangers," and the latter, "subjects." The rule is thus laid*
37 *down by Sir Robert Phillimore:*

38 *There is a class of persons which cannot be, strictly speaking, included in either of these denominations of*
39 *naturalized or native citizens, namely, the class of those who have ceased to reside [maintain a domicile] in*
40 *their native country, and have taken up a permanent abode in another. These are domiciled inhabitants. They*
41 *have not put on a new citizenship through some formal mode enjoined by the law or the new country. They*
42 *are de facto, though not de jure, citizens of the country of their [new chosen] domicile.*
43 [Fong Yu Ting v. United States, [149 U.S. 698](#) (1893)]

1 YOUR ANSWER (circle one): Admit/Deny

2 19. Admit that the only physical place where both federal and state legislative jurisdictions coincide in the same place is in
3 federal areas within the exterior limits of each state, which we call the Corporate State.

4 YOUR ANSWER (circle one): Admit/Deny

5 20. Admit that the only place where state income taxes can lawfully be levied is in the “Corporate State”, which consists of
6 federal territory within the exterior limits of the state.

7 *California Revenue and Taxation Code*
8 *Division 2: Other Taxes*
9 *Part 10: Personal Income Tax*

10 17018. "State" includes the District of Columbia, and the possessions of the United States.

11 YOUR ANSWER (circle one): Admit/Deny

12 21. Admit that state income taxes may not lawfully be assessed or collected in the “Republic State”, which is land under
13 the exclusive legislative jurisdiction of the state that is not part of any federal area.

14 YOUR ANSWER (circle one): Admit/Deny

15 22. Admit that all governments are corporations.

16 *"Corporations are also of all grades, and made for varied objects; **all governments are corporations, created***
17 ***by usage and common consent, or grants and charters which create a body politic for prescribed purposes;***
18 ***but whether they are private, local or general, in their objects, for the enjoyment of property, or the exercise***
19 ***of power, they are all governed by the same rules of law, as to the construction and the obligation of the***
20 ***instrument by which the incorporation is made. One universal rule of law protects persons and property. It is***
21 ***a fundamental principle of the common law of England, that the term freemen of the kingdom, includes 'all***
22 ***persons,' ecclesiastical and temporal, incorporate, politique or natural; it is a part of their magna charta (2***
23 ***Inst. 4), and is incorporated into our institutions. The persons of the members of corporations are on the same***
24 ***footing of protection as other persons, and their corporate property secured by the same laws which protect***
25 ***that of individuals. 2 Inst. 46-7. 'No man shall be taken,' 'no man shall be disseised,' without due process of law,***
26 ***is a principle taken from magna charta, infused into all our state constitutions, and is made inviolable by the***
27 ***federal government, by the amendments to the constitution."***
28 *[Proprietors of Charles River Bridge v. Proprietors of, 36 U.S. 420 (1837)]*
29

30 *United States Code*
31 *TITLE 28 - JUDICIARY AND JUDICIAL PROCEDURE*
32 *[PART VI - PARTICULAR PROCEEDINGS](#)*
33 *[CHAPTER 176 - FEDERAL DEBT COLLECTION PROCEDURE](#)*
34 *[SUBCHAPTER A - DEFINITIONS AND GENERAL PROVISIONS](#)*
35 *[Sec. 3002. Definitions](#)*

36 *(15) "**United States**" means -*
37 *(A) **a Federal corporation;***
38 *(B) an agency, department, commission, board, or other entity of the United States; or*
39 *(C) an instrumentality of the United States.*

40 YOUR ANSWER (circle one): Admit/Deny

41 23. Admit that the “State of _____ (fill in your state name)” is a “government corporation” controlled but not owned
42 by the federal government.

43 *[TITLE 5 > PART 1 > CHAPTER 1 > § 103](#)*
44 *[§ 103. Government corporation](#)*

45 *For the purpose of this title—*

1 (1) "Government corporation" means a corporation owned or controlled by the Government of the United
2 States; and

3 YOUR ANSWER (circle one): Admit/Deny

- 4 24. Admit that the "Republic of _____(fill in your state name)" is not controlled or owned by the federal
5 government, but is sovereign in respect to its own internal affairs.

6 "The States between each other are sovereign and independent. They are distinct separate sovereignties, except
7 so far as they have parted with some of the attributes of sovereignty by the Constitution. They continue to be
8 nations, with all their rights, and under all their national obligations, and with all the rights of nations in every
9 particular; except in the surrender by each to the common purposes and objects of the Union, under the
10 Constitution. The rights of each State, when not so yielded up, remain absolute."

11 "It is very true that a corporation can have no legal existence out of the boundaries of the sovereignty by
12 which it is created. It exists only in contemplation of law, and by force of the law; and where the law ceases
13 to operate, and is no longer obligatory, the corporation can have no existence. It must dwell in the place of its
14 creation, and cannot migrate to another sovereignty."
15 [*Bank of Augusta v. Earle*, 38 U.S. (13 Pet.) 519, 10 L.Ed. 274 (1839)]

16 YOUR ANSWER (circle one): Admit/Deny

- 17 25. Admit that the federal government has no legislative jurisdiction within the "Republic State".

18 "It is no longer open to question that the general government, unlike the states, *Hammer v. Dagenhart*, 247
19 U.S. 251, 275, 38 S.Ct. 529, 3 A.L.R. 649, Ann.Cas.1918E 724, possesses no inherent power in respect of the
20 internal affairs of the states; and emphatically not with regard to legislation. The question in respect of the
21 inherent power of that government as to the external affairs of the Nation and in the field of international law is
22 a wholly different matter which it is not necessary now to consider. See, however, *Jones v. United States*, 137
23 U.S. 202, 212, 11 S.Ct. 80; *Nishimur Ekiu v. United States*, 142 U.S. 651, 659, 12 S.Ct. 336; *Fong Yue Ting v.*
24 *United States*, 149 U.S. 698, 705 et seq., 13 S.Ct. 1016; *Burnet v. Brooks*, 288 U.S. 378, 396, 53 S.Ct. 457, 86
25 A.L.R. 747."
26 [*Carter v. Carter Coal Co.*, 298 U.S. 238 (1936)]

27 YOUR ANSWER (circle one): Admit/Deny

- 28 26. Admit that all exercises by the national government of extraterritorial legislative jurisdiction outside of federal territory
29 require "comity" in some form.

30 **comity.** *Courtesy; complaisance; respect; a willingness to grant a privilege, not as a matter of right, but out of*
31 *deference and good will. Recognition that one sovereignty allows within its territory to the legislative,*
32 *executive, or judicial act of another sovereignty, having due regard to rights of its own citizens. *Nowell v.**
33 *Nowell, Tex.Civ.App., 408 S.W.2d 550, 553. In general, principle of "comity" is that courts of one state or*
34 *jurisdiction will give effect to laws and judicial decisions of another state or jurisdiction, not as a matter of*
35 *obligation, but out of deference and mutual respect. *Brown v. Babbitt Ford, Inc.*, 117 Ariz. 192, 571 P.2d 689,*
36 *695. See also Full faith and credit clause.*
37 [*Black's Law Dictionary, Sixth Edition, p. 267*]

38 YOUR ANSWER (circle one): Admit/Deny

- 39 27. Admit that states of the Union levy their personal income taxes based upon the Buck Act, 4 U.S.C. §§105-111.

40 YOUR ANSWER (circle one): Admit/Deny

- 41 28. Admit that Subtitle A of the Internal Revenue Code is a tax upon a "trade or business", which is defined in 26 U.S.C.
42 §7701(a)(26) as "the functions of a public office", and that the "public office" is within the federal government and not
43 the state government.

44 26 U.S.C. Sec. 7701(a)(26)

45 "The term 'trade or business' includes the performance of the functions of a public office."

46 See also and rebut:

1 YOUR ANSWER (circle one): Admit/Deny

- 2 29. Admit that state income taxes are also based upon a "trade or business", because they are a tax upon "public officers"
3 serving within the Corporate State pursuant to the Public Salary Tax Act of 1939.

4 YOUR ANSWER (circle one): Admit/Deny

- 5 30. Admit that the United States Congress cannot authorize a "trade or business" within a "Republic State" in order to tax
6 it.

7 *"Thus, Congress having power to regulate commerce with foreign nations, and among the several States, and
8 with the Indian tribes, may, without doubt, provide for **granting** coasting **licenses**, licenses to pilots, licenses to
9 trade with the Indians, and any other **licenses** necessary or proper for the exercise of that great and extensive
10 power; and the same observation is applicable to every other power of Congress, to the exercise of which the
11 granting of licenses may be incident. All such licenses confer authority, and give rights to the licensee.*

12 *But very different considerations apply to the **internal commerce** or **domestic trade** of the States. Over this
13 commerce and trade Congress has **no power of regulation nor any direct control**. This power belongs
14 exclusively to the States. **No interference by Congress with the business of citizens transacted within a State is**
15 **warranted by the Constitution, except such as is strictly incidental to the exercise of powers clearly granted to**
16 **the legislature**. The power to authorize a business within a State is plainly repugnant to the exclusive power of
17 the State over the same subject. It is true that the power of Congress to tax is a very extensive power. It is given
18 in the Constitution, with only one exception and only two qualifications. Congress cannot tax exports, and it
19 must impose direct taxes by the rule of apportionment, and indirect taxes by the rule of uniformity. Thus limited,
20 and thus only, it reaches every subject, and may be exercised at discretion. But, it reaches only existing
21 subjects. Congress cannot authorize a trade or business within a State in order to tax it."
22 [*License Tax Cases, 72 U.S. 462, 18 L.Ed. 497, 5 Wall. 462, 2 A.F.T.R. 2224 (1866)*]*

23 YOUR ANSWER (circle one): Admit/Deny

- 24 31. Admit that [4 U.S.C. §72](#) requires all "public offices" which are the subject of the income tax upon a "trade or business"
25 to exist ONLY in the District of Columbia and not elsewhere, except as expressly provided by an enactment of
26 Congress.

27 [TITLE 4 > CHAPTER 3 > § 72](#)
28 [§ 72. Public offices; at seat of Government](#)

29 *All offices attached to the seat of government shall be exercised in the District of Columbia, and not elsewhere,
30 except as otherwise expressly provided by law.*

31 YOUR ANSWER (circle one): Admit/Deny

- 32 32. Admit that the federal government never enacted any law that authorizes "public offices" within the "Republic State"
33 of any state of the Union and can lawfully legislatively create said offices ONLY within the "Corporate State", a
34 territory or possession of the United States, or the District of Columbia.

35 YOUR ANSWER (circle one): Admit/Deny

- 36 33. Admit that the federal government, through "comity", passed [4 U.S.C. §111](#), authorizing "Corporate States" but not
37 "Republic States" to levy an income tax upon federal "public officials" within federal areas that form the "Corporate
38 State".

39 [TITLE 4 > CHAPTER 4 > § 111](#)
40 [§ 111. Same; taxation affecting Federal employees; income tax](#)

41 *(a) General Rule.— The United States consents to the taxation of pay or compensation for personal service as
42 an officer or employee of the United States, a territory or possession or political subdivision thereof, the
43 government of the District of Columbia, or an agency or instrumentality of one or more of the foregoing, by a*

1 *duly constituted taxing authority having jurisdiction, if the taxation does not discriminate against the officer or*
2 *employee because of the source of the pay or compensation.*

3 YOUR ANSWER (circle one): Admit/Deny

- 4 34. Admit that [4 U.S.C. §111](#) is a portion of the statutory implementation of the Public Salary Tax Act of 1939, which is a
5 tax upon “public salaries”.

6 YOUR ANSWER (circle one): Admit/Deny

- 7 35. Admit that [4 U.S.C. §111](#) does *not* authorize either a state or federal income tax upon “private salaries” or anything
8 OTHER than salaries of “public officials” engaged in a “trade or business”.

9 YOUR ANSWER (circle one): Admit/Deny

- 10 36. Admit that [4 U.S.C. §111](#) does *not* authorize either a state or federal income tax upon those domiciled within the
11 Republic State who do not hold “public office” in the federal government and who receive no payments from the
12 United States government pursuant to [26 U.S.C. §871](#).

13 YOUR ANSWER (circle one): Admit/Deny

- 14 37. Admit that the “individual” mentioned at the top of IRS Form 1040 is a “alien” or “resident alien”:

15 *26 CFR §1.1441-1 Requirement for the deduction and withholding of tax on payments to foreign persons.*

16 *(c) Definitions*

17 *(3) Individual.*

18 *(i) Alien individual.*

19 *The term alien individual means an individual who is not a citizen or a national of the United States. See Sec.*
20 *1.1-1(c).*

21 *(ii) Nonresident alien individual.*

22 *The term nonresident alien individual means a person described in section 7701(b)(1)(B), an alien individual*
23 *who is a resident of a foreign country under the residence article of an income tax treaty and Sec. 301.7701(b)-*
24 *7(a)(1) of this chapter, or an alien individual who is a resident of Puerto Rico, Guam, the Commonwealth of*
25 *Northern Mariana Islands, the U.S. Virgin Islands, or American Samoa as determined under Sec. 301.7701(b)-*
26 *1(d) of this chapter. An alien individual who has made an election under section 6013 (g) or (h) to be treated as*
27 *a resident of the United States is nevertheless treated as a nonresident alien individual for purposes of*
28 *withholding under chapter 3 of the Code and the regulations thereunder.*

29 YOUR ANSWER (circle one): Admit/Deny

- 30 38. Admit that it is unlawful for a “nonresident alien” to file an IRS Form 1040 unless he is married to a statutory “U.S.
31 citizen” pursuant to [8 U.S.C. §1401](#) and makes an election to be treated as a “resident alien” pursuant to [26 U.S.C.](#)
32 [§6103](#)(g) or (h).

33 YOUR ANSWER (circle one): Admit/Deny

- 34 39. Admit that persons domiciled within the “Republic State” and without the “Corporate State” are “nonresident aliens”
35 as defined above.

36 Rebut questions at the end of the following if you disagree:

37 [Nonresident Alien Position](#), Form #05.020
38 <http://sedm.org/Forms/FormIndex.htm>

1 YOUR ANSWER (circle one): Admit/Deny

- 2 40. Admit that persons domiciled within the “Republic State” and without the “Corporate State” are an instrumentality of a
3 “foreign state”, which is the Republic State if they are registered electors or jurists, because they participate in the
4 administration of the state government in the exercise of their political rights to be a voter or jurist.

5 YOUR ANSWER (circle one): Admit/Deny

- 6 41. Admit that persons domiciled within the “Republic State” and without the “Corporate State” are protected by the
7 [Foreign Sovereign Immunities Act, 28 U.S.C. Chapter 97](#)

8 YOUR ANSWER (circle one): Admit/Deny

- 9 42. Admit that persons domiciled within the “Republic State” may only lawfully surrender their sovereign immunity as
10 “instrumentalities of a foreign state” by one of the following two means:

- 11 a. Incorrectly declaring themselves to be statutory “U.S. citizens” pursuant to [8 U.S.C. §1401](#) and [28 U.S.C.](#)
12 [§1603\(b\)\(3\)](#).
13 b. Satisfying one or more of the exceptions found in [28 U.S.C. §1605](#)

14 YOUR ANSWER (circle one): Admit/Deny

- 15 43. Admit that states who wish to increase their income tax revenues unlawfully have a strong financial incentive to want
16 to encourage domiciliaries of the Republic State to incorrectly declare or describe themselves to be statutory “U.S.
17 citizens” pursuant to [8 U.S.C. §1401](#) in order to cause them to waive sovereign immunity and thereby misrepresent
18 themselves as domiciliaries of the Corporate State subject to exclusive federal jurisdiction and income taxation.

19 YOUR ANSWER (circle one): Admit/Deny

- 20 44. Admit that the only lawful way for a nonresident person such as a person domiciled in the exclusive jurisdiction of a
21 state of the Union, to become a “resident alien” as defined in [26 U.S.C. §7701\(b\)\(1\)\(A\)](#) is to make an “election”
22 pursuant to [26 U.S.C. §6013\(g\)](#) to be treated as such by voluntarily using the WRONG from, the IRS 1040 form, to
23 describe his, her, or its status as a “U.S. person” as defined in [26 U.S.C. §7701\(a\)\(30\)](#) or domiciliary of the federal
24 zone.

25 1040A 11327A Each
26 U.S. Individual Income Tax Return

27 Annual income tax return filed by citizens and residents of the United States. There are separate instructions
28 available for this item. The catalog number for the instructions is 12088U.

29 W:CAR:MP:FP:F:I Tax Form or Instructions
30 /2003 IRS Published Products Catalog, p. F-15;
31 SOURCE: <http://famguardian.org/TaxFreedom/Forms/IRS/IRSDoc7130.pdf/>

32 YOUR ANSWER (circle one): Admit/Deny

- 33 45. Admit that IRS Form W-4 constitutes an agreement to call one’s earnings taxable “wages”, even if they in fact earn no
34 taxable “wages” as legally defined in 26 U.S.C. §3401.

35 Title 26: Internal Revenue
36 [PART 31—EMPLOYMENT TAXES AND COLLECTION OF INCOME TAX AT SOURCE](#)
37 [Subpart E—Collection of Income Tax at Source](#)
38 [Sec. 31.3402\(p\)-1 Voluntary withholding agreements.](#)

39 (a) In general. An employee and his employer may enter into an agreement under section 3402(b) to provide for
40 the withholding of income tax upon payments of amounts described in paragraph (b)(1) of §31.3401(a)-3, made
41 after December 31, 1970. **An agreement may be entered into under this section only with respect to amounts**
42 **which are includible in the gross income of the employee under section 61, and must be applicable to all**
43 **such amounts paid by the employer to the employee.** The amount to be withheld pursuant to an agreement

1 under section 3402(p) shall be determined under the rules contained in section 3402 and the regulations
2 thereunder. See §31.3405(c)-1, Q&A-3 concerning agreements to have more than 20-percent Federal income
3 tax withheld from eligible rollover distributions within the meaning of section 402.

4 (b) Form and duration of agreement

5 (2) An agreement under section 3402 (p) shall be effective for such period as the employer and employee
6 mutually agree upon. **However, either the employer or the employee may terminate the agreement prior to the**
7 **end of such period by furnishing a signed written notice to the other.** Unless the employer and employee agree
8 to an earlier termination date, the notice shall be effective with respect to the first payment of an amount in
9 respect of which the agreement is in effect which is made on or after the first "status determination date"
10 (January 1, May 1, July 1, and October 1 of each year) that occurs at least 30 days after the date on which the
11 notice is furnished. If the employee executes a new Form W-4, the request upon which an agreement under
12 section 3402 (p) is based shall be attached to, and constitute a part of, such new Form W-4.
13

14 [26 CFR §31.3401\(a\)-3 Amounts deemed wages under voluntary withholding agreements](#)

15 (a) In general. **Notwithstanding the exceptions to the definition of wages specified in section 3401(a) and the**
16 **regulations thereunder, the term "wages" includes the amounts described in paragraph (b)(1) of this section**
17 **with respect to which there is a voluntary withholding agreement in effect under section 3402(p).** References
18 in this chapter to the definition of wages contained in section 3401(a) shall be deemed to refer also to this
19 section (§31.3401(a)-3).

20 (b) Remuneration for services. (1) Except as provided in subparagraph (2) of this paragraph, **the amounts**
21 **referred to in paragraph (a) of this section include any remuneration for services performed by an employee**
22 **for an employer which, without regard to this section, does not constitute wages under section 3401(a).** For
23 example, remuneration for services performed by an agricultural worker or a domestic worker in a private
24 home (amounts which are specifically excluded from the definition of wages by section 3401(a) (2) and (3),
25 respectively) are amounts with respect to which a voluntary withholding agreement may be entered into under
26 section 3402(p). See §§31.3401(c)-1 and 31.3401(d)-1 for the definitions of "employee" and "employer".

27 YOUR ANSWER (circle one): Admit/Deny

- 28 46. Admit that the election of "nonresident aliens" to be treated as "resident aliens" as described in [26 U.S.C.](#)
29 [§6013\(g\)\(1\)\(B\)](#) may only lawfully be made if the nonresident alien is married to a statutory United States citizen as
30 defined in [8 U.S.C. §1401](#).

31 YOUR ANSWER (circle one): Admit/Deny

- 32 47. Admit that there is no statutory authority within the Internal Revenue Code or the implementing Treasury Regulations
33 for a "nonresident alien" who is *not* married to a statutory "U.S. citizen" in [8 U.S.C. §1401](#) to voluntarily elect to be
34 treated as a "resident alien".

35 YOUR ANSWER (circle one): Admit/Deny

- 36 48. Admit that the election of "nonresident aliens" to be treated as resident aliens as described in [26 U.S.C. §6013\(g\)](#)
37 changes the effective domicile of the nonresident alien to the "State" described in 4 U.S.C. §110(d), which is a federal
38 state or territory, regardless of where their original domicile started and makes them a "taxpayer" subject to the Internal
39 Revenue Code.

40 **"Thus, the Court has frequently held that domicile or residence, more substantial than mere presence in**
41 **transit or sojourn, is an adequate basis for taxation, including income, property, and death taxes.** Since the
42 Fourteenth Amendment makes one a citizen of the state wherein he resides, **the fact of residence creates**
43 **universally reciprocal duties of protection by the state and of allegiance and support by the citizen. The latter**
44 **obviously includes a duty to pay taxes, and their nature and measure is largely a political matter.** Of course,
45 the situs of property may tax it regardless of the citizenship, domicile, or residence of the owner, the most
46 obvious illustration being a tax on realty laid by the state in which the realty is located."
47 [Miller Brothers Co. v. Maryland, [347 U.S. 340](#) (1954)]

48 YOUR ANSWER (circle one): Admit/Deny

- 49 49. Admit that the Anti-Injunction Act, [26 U.S.C. §7421](#) is civil and not criminal law that:

1 49.1. Does not constrain “nontaxpayers” from bringing suit to restrain the collection or assessment of taxes upon
2 themselves.

3 *“In holding that the Act does not bar suits by nontaxpayers with no other remedies, the Court today has*
4 *created a “breach in the general scheme of taxation [that] gives an opening for the disorganization of the*
5 *whole plan [.]” [Allen v. Regents, 304 U.S. 439, 454, 58 S.Ct. 980, 987, 82 L.Ed. 1448](#) (Reed, J., concurring in*
6 *the result). Non-taxpaying associations of taxpayers, and most other nontaxpayers, will now be allowed to*
7 *sidestep Congress' policy against judicial resolution of abstract tax controversies. They can now challenge both*
8 *Congress' tax statutes and the Internal Revenue Service's regulations, revenue rulings, and private letter*
9 *decisions. In doing so, they can impede *395 the process of collecting federal revenues and require Treasury to*
10 *focus its energies on questions deemed important not by it or Congress but by a host of private plaintiffs. The*
11 *Court's holding travels “a long way down the road to the emasculation of the Anti-Injunction Act, and down the*
12 *companion pathway that leads to the blunting of the strict requirements of Williams Packing” [Commissioner](#)*
13 *v. [Shapiro, 424 U.S. 614, 635, 96 S.Ct. 1062, 1074, 47 L.Ed.2d 278 \(1976\)](#) (BLACKMUN, J., dissenting). I*
14 *simply cannot join such a fundamental undermining of the congressional purpose.”*
15 *[South Carolina v. Regan, 465 U.S. 367, 394, 104 S.Ct. 1107, 1123 (1984)]*

16 49.2. Does not apply to suits brought by foreign sovereigns, such as domiciliaries of the Republic State.

17 49.3. Does not apply to persons domiciled where Congress enjoys no legislative jurisdiction, such as within the
18 exclusive jurisdiction of the Republic State.

19 YOUR ANSWER (circle one): Admit/Deny

20 50. Admit that it is unlawful for any state of the Union to enforce their personal income tax laws outside of the Corporate
21 State or inside of the Republic State.

22 *“Every State or nation possesses an exclusive sovereignty and jurisdiction within her own territory, and her*
23 *laws affect and bind all property and persons residing within it. It may regulate the manner and circumstances*
24 *under which property is held, and the condition, capacity, and state of all persons therein, and also the remedy*
25 *and modes of administering justice. And it is equally true that no State or nation can affect or bind property*
26 *out of its territory, or persons not residing [domiciled] within it. No State therefore can enact laws to operate*
27 *beyond its own dominions, and if it attempts to do so, it may be lawfully refused obedience. Such laws can*
28 *have no inherent authority extraterritorially. This is the necessary result of the independence of distinct and*
29 *separate sovereignties.”*

30 *“Now it follows from these principles that whatever force or effect the laws of one State or nation may have in*
31 *the territories of another must depend solely upon the laws and municipal regulations of the latter, upon its*
32 *own jurisprudence and polity, and upon its own express or tacit consent.”*
33 *[Dred Scott v. John F.A. Sanford, [60 U.S. 393](#) (1856)]*
34

35 *“Judge Story, in his treatise on the Conflicts of Laws, lays down, as the basis upon which all reasonings on the*
36 *law of comity must necessarily rest, the following maxims: First 'that every nation possesses an exclusive*
37 *sovereignty and jurisdiction within its own territory'; secondly, that no state or nation can by its laws directly*
38 *affect or bind property out of its own territory, or bind persons not resident therein, whether they are natural*
39 *born subjects or others.' The learned judge then adds: 'From these two maxims or propositions there follows a*
40 *third, and that is that whatever force and obligation the laws of one country have in another depend solely upon*
41 *the laws and municipal regulation of the latter: that is to say, upon its own proper jurisdiction and polity, and*
42 *upon its own express or tacit consent.' *Story on Conflict of Laws §23.**
43 *[Baltimore & Ohio Railroad Co. v. Chambers, 73 Ohio St. 16, 76 N.E. 91; 11 L.R.A., N.S., 1012 (1905)]*

44 YOUR ANSWER (circle one): Admit/Deny

45 51. Admit that the enforcement of the laws of the Corporate State within the Republic State is a matter of “comity” and
46 requires the express or tacit consent against those it is being enforced against, and that absent such voluntary consent,
47 any such enforcement is illegal and unconstitutional.

48 YOUR ANSWER (circle one): Admit/Deny

49 **Affirmation:**

50 I declare under penalty of perjury as required under [26 U.S.C. §6065](#) that the answers provided by me to the foregoing
51 questions are true, correct, and complete to the best of my knowledge and ability, so help me God. I also declare that these
52 answers are completely consistent with each other and with my understanding of both the Constitution of the United States,

1 Internal Revenue Code, Treasury Regulations, the Internal Revenue Manual, and the rulings of the Supreme Court but not
2 necessarily lower federal courts.

3 Name (print): _____

4 Signature: _____

5 Date: _____

6 Witness name (print): _____

7 Witness Signature: _____

8 Witness Date: _____