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Attorney General Steve Marshall Sues Biden Administration to Protect Alabama from Unconstitutional Ban on State Tax Cuts

(MONTGOMERY) – Alabama Attorney General Steve Marshall led a 13-state lawsuit filed today against the U.S. Department of the Treasury, challenging a provision of the American Rescue Plan Act that punishes states for making any changes to any laws that would reduce taxes. The lawsuit was filed Wednesday in U.S. District Court for the Northern District of Alabama.

“Earlier this month, Congress passed and President Joe Biden signed into law the American Rescue Plan Act, which contains a provision that effectively bans states from cutting taxes for several years,” said Attorney General Marshall.

“This federal tax mandate is an unprecedented and unconstitutional assault on state sovereignty by the federal government, which would commandeer the State of Alabama’s sovereign power to tax and spend and determine her own fiscal policies,” Attorney General Marshall added. “Today, I and 12 other state attorneys general filed suit against the Biden administration to block the enforcement of this grievous federal encroachment on states’ rights.”

Similar lawsuits have also been filed in other jurisdictions by the states of Arizona, Missouri, and Ohio.

On March 16, Attorney General Marshall and 20 other state attorneys general sent a [letter](#) to U.S. Treasury Secretary Janet Yellen highlighting the constitutional concerns regarding the American Rescue Plan Act’s federal tax mandate and requesting that the Secretary clarify her department’s interpretation of that provision. The Secretary’s [response](#) was ambiguous and directly contradicted what the principal proponent of the federal tax mandate, Senator Joe Manchin, expected the effect of that provision to be: that states would be forbidden from cutting taxes in any manner whatsoever through the year 2024.

Alabama, which co-led today’s lawsuit with West Virginia and Arkansas, was joined by Alaska, Florida, Iowa, Kansas, Montana, New Hampshire, Oklahoma, South Carolina, South Dakota and Utah.

The lawsuit is [linked here](#).

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