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Out-of-State Collection of State and Local Taxes

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Validly due and payable state and local taxes often go unpaid because the absent tax debtor chooses not to pay voluntarily and has no assets from which the tax debt can be collected in the taxing state. He often has assets elsewhere, but they may be difficult for the tax creditor to discover and to reach.

Only a few years ago out-of-state assets could not be reached at all, nor could the tax debtor himself be reached except within the taxing state, in its own courts, and by its own legal processes. Formerly, no state would use its law or its courts to enforce the penal or the revenue laws of another state. As to claims based upon penal laws, this inhospitality to some extent still persists, although the definition of penality for that purpose is being narrowed.[1] With respect to claims based upon revenue laws, however, the legal attitude has changed. As is often the case, this change was initiated by a few thoughtful common law courts and then was taken up by the state legislatures. Today it is generally possible for a state or its subordinate units to maintain tax collection actions in most of the sister states. Yet such revenue collecting lawsuits seldom are brought and are not always successful when brought.

Attempted evasion of tax obligations is no small matter, and movement from state to state affords a large part of the opportunity for it. Sales and use taxes normally are collected from sellers of goods, and an in-state seller can be investigated with reasonable thoroughness. Such an investigation often is not possible with out-of-state sellers, and it is probable that large amounts of use taxes are never collected from them.[2] Income taxes can be evaded by

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1. *See* Doggrell v. Southern Box Co., Inc., 208 F.2d 310 (6th Cir. 1953); Paper Prod. Co. v. Doggrell, 195 Tenn. 581, 261 S.W.2d 127 (1953); Leflar, *Extrastate Enforcement of Penal and Governmental Claims*, 46 HARV. L. REV. 193 (1932); Comment, *Extrastate Enforcement of Penal Laws*, 25 U. CHI. L. REV. 187 (1957); *cf.* Leflar, *Conflict of Laws: Choice of Law in Criminal Cases*, 25 CASE W. RES. L. REV. 44 (1974).

2. *See* Zeifman, *The Historical Development of the Interstate Taxation Acts* (1971), reprinted in O. OLDMAN & SCHOETTLE, STATE AND LOCAL TAXES AND FINANCE 538 (1974). Speaking of a 1965 congressional subcommittee report, he states:

> . . . perhaps one of the most significant findings of the Subcommittee was its discovery that in 93.5 percent of the cases in which sellers without business locations in

nonresidents who earn income in a state then remove themselves and the income before taxes can be collected, and also by residents who move from the state before tax collection. Moreover, withholding can reach only a portion of these absentees. Death taxes provide another of several examples of levies that can be minimized through interstate slippage. Personalty that should be sold to pay death taxes in the decedent owner's domicile can be removed after, or even before, the owner's death so that it cannot readily be reached thereafter.

Each instance of evasion increases the burden on every honest taxpayer, and the old idea that no state has any interest in another state's finances has long since lost whatever verity it once possessed. All the states face the same problem, along with the federal government. Mutual disdain serves no state's purposes and harms every state; the common interest clearly lies in mutual assistance in revenue-law enforcement, both among states and between the states and the federal government. Recognition of this inescapable fact is increasing, but not much has been effectively done about it.

I. Collection Problems Among States

A. *Reciprocity*

Few states today blindly follow the old holdings that sister state tax claims will be thrown out of court. A half century ago nearly the entire body of common law precedent refused to allow such actions. Courts initially had relied upon early dictum,[3] which was gradually transmuted into a rule of law[4] supported by the necessary legal reasoning. A few bold courts not bound by local precedent held that

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a State were legally required to collect a sales or use tax, there was, in fact, noncompliance or nonenforcement.

3. *See* Planche v. Fletcher, 99 Eng. Rep. 164 (K.B. 1779); Holman v. Johnson, 98 Eng. Rep. 1120 (K.B. 1775) (Mansfield, C.J.: "For no country ever takes notice of the revenue laws of another"); Boucher v. Lawson, 95 Eng. Rep. 53 (K.B. 1734). None of these cases involved action on a foreign tax claim. No suggestion can be made, however, that such an action could have been maintained had it been brought. *See, e.g.*, Government of India v. Taylor, [1955] A.C. 491 (tax action by Government of India cannot be maintained in England, though India is a member of the Commonwealth); Municipal Council v. Bull, [1909] 1 K.B. 7 (tax action by New South Wales, Australia in English court dismissed).

4. Moore v. Mitchell, 30 F.2d 600 (2d Cir. 1929), *aff'd on other grounds*, 281 U.S. 18 (1930); Detroit v. Proctor, 44 Del. 193, 61 A.2d 412 (1948); Buckley v. Huston, 115 N.J. Super. 367, 279 A.2d 882 (1971) (action on Philadelphia "city" tax not allowed despite reciprocal statute applicable to "state" taxes); Philadelphia v. Cohen, 11 N.Y.2d 401, 184 N.E.2d 167, 230 N.Y.S.2d 188, *cert. denied*, 371 U.S. 934 (1962); Colorado v. Harbeck, 232 N.Y. 71, 133 N.E. 357 (1921); Minnesota v. Karp, 84 Ohio App. 51, 84 N.E.2d 76 (1948); Ohio v. Flower, 59 Pa. D. & C. 14 (Mercer County C.P. 1947); Hamm v. Berrey, 419 S.W.2d 401 (Tex. Civ. App. 1967).

tax actions on behalf of sister states should be permitted[5] regardless of reciprocity. Commentators and tax collectors[6] approved these decisions in aid of collection. Most state legislatures, however, enacted reciprocal statutes[7] that authorized actions in the forum state's courts for collection of taxes due in other states provided the enacting state was allowed the same privilege in the plaintiff state. A typical statute reads as follows:

> Any state of the United States or the political subdivisions thereof shall have the right to sue in the courts of Tennessee to recover any tax which may be owing to it when the like right is accorded to the state of Tennessee and its political subdivisions by such state.[8]

Reciprocity presumably could be derived from either legislative or judicial[9] authorization of such sister state actions. It is not clear from the language of the statutes, however, whether they cover penalties assessed for delay in payment of taxes.[10] Interestingly, none of the state statutes extends the reciprocal privilege to other nations, and few if any foreign nations would, in any event, reciprocate. Specifically, both England[11] and Canada[12] refuse to entertain

5. State *ex rel.* Oklahoma Tax Comm'n v. Neely, 225 Ark. 230, 282 S.W.2d 150 (1955) (state income taxes); Detroit v. Gould, 12 Ill. 2d 297, 146 N.E.2d 61 (1957) (personal property taxes); Ohio *ex rel.* Duffy v. Arnett, 314 Ky. 403, 234 S.W.2d 722 (1950) (workmen's compensation insurance premiums analogized to taxes); State *ex rel.* Oklahoma Tax Comm'n v. Rodgers, 238 Mo. App. 1115, 193 S.W.2d 919 (1946) (state income taxes); State Tax Comm'n v. Cord, 81 Nev. 403, 404 P.2d 422 (1965) (Utah income tax); J.A. Holshouser Co. v. Gold Hill Copper Co., 138 N.C. 248, 50 S.E. 650 (1905) (N.J. franchise tax); Nelson v. Minnesota Income Tax Div., 429 P.2d 324 (Wyo. 1967) (state income tax); *cf.* Pennhurst St. School v. Estate of Goodhartz, 42 N.J. 266, 200 A.2d 112 (1964) (allowed action by State of Pennsylvania to recover for care of defendant's mentally incompetent son).

6. Daum, *Interstate Comity and Governmental Claims*, 33 ILL. L. REV. 249 (1938); Freeze, *Extraterritorial Enforcement of Revenue Laws*, 23 WASH. U.L.Q. 321 (1938); Goldstein, *Interstate Enforcement of the Tax Laws of Sister States*, 30 TAXES 247 (1952); Leflar, *Extrastate Enforcement of Penal and Governmental Claims*, 46 HARV. L. REV. 193, 215 (1932); McElroy, *The Enforcement of Foreign Tax Claims*, 38 U. DET. L.J. 13 (1960); Robertson, *Extraterritorial Enforcement of Tax Obligations*, 7 ARIZ. L. REV. 219 (1966); Comment, *Extraterritorial Enforcement of State Tax Claims*, 16 HASTINGS L.J. 101 (1964); Note, *Extraterritorial Enforcement of Tax Claims*, 12 WM. & MARY L. REV. 111 (1970).

7. A total of 44 states have such comprehensive statutes. P-H STATE TAX GUIDE ¶ 281 (1975).

8. TENN. CODE ANN. § 20-1709 (1956).

9. Thus Wyoming, which permits such actions without a statute, presumably can bring tax actions in other states having reciprocal statutes. *See* Nelson v. Minnesota Income Tax Div., 429 P.2d 324 (Wyo. 1967).

10. As a common law matter in Wyoming, the court held that a penalty was not recoverable. Nelson v. Minnesota Income Tax Div., 429 P.2d 324 (Wyo. 1967). The statutes generally do not mention penalties or interest.

11. Government of India v. Taylor, [1955] A.C. 491. *See also* Peter Buchanan, Ltd. v. McVey, [1955] A.C. 516 (Ireland).

12. In United States v. Harden, 41 D.L.R.2d 721 (Can. 1963), *noted in* 77 HARV. L. REV. 1327 (1964), Canada dismissed an action on a tax claim that had been reduced to judgment

tax actions brought on behalf of other nations or states, and tax treaties discussed below[13] have dealt only with other aspects of international tax problems.

A few reciprocal statutes are not as comprehensive as the typical one quoted above. In New Jersey, for example, the right to local enforcement is limited to state-level income and sales-use taxes, so that taxes due to governmental subdivisions of other states are not collectible.[14] In Texas reciprocity is available only for sales and use taxes,[15] and in Connecticut it exists only for succession and transfer (death) taxes.[16] Insofar as the common law controls, these and a few other states presumably adhere to the old rule that did not allow extrastate tax actions, although the absence of clear precedent leaves most of them free to reject the old view if they can be persuaded to do so.

B. Full Faith and Credit

The applicability of the Constitution's full faith and credit clause to tax claims as yet is only partially clarified. It long appeared that the old exclusionary rule applied even to sister state tax judgments. The Supreme Court's upholding of the denial by Illinois of full faith and credit to a Wisconsin judgment in *Wisconsin v. Pelican Insurance Co.*,[17] seemed to predict a rigid adherence to old ideas. *Pelican* eventually was distinguished, however, on the ground that it involved not a tax, but a fine levied for failure to file legally required reports.[18] In *Milwaukee County v. M.E. White Co.*,[19] the Court compelled Illinois to give full faith and credit to a Wisconsin judgment that was actually for taxes. Since the *M.E. White* decision, it has been clear that sister state tax judgments must be respected.[20]

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in a United States court. *See* Castel, *Foreign Tax Claims and Judgments in Canadian Courts*, 42 CAN. B. REV. 277 (1964). *Compare* Banco Frances e Brasileiro S.A. v. Doe, 36 N.Y.2d 592, 331 N.E.2d 502, 370 N.Y.S.2d 534 (1975) (action entertained for violation of Brazilian currency regulations, indicating willingness to recognize foreign governmental interests).

13. *See* text accompanying notes 40-41 *infra*.

14. Buckley v. Huston, 115 N.J. Super. 367, 279 A.2d 882 (1971); N.J. STAT. ANN. 54:8A-46(b) (Supp. 1975).

15. TEX. CIV. STATS. ANN., tit. 122A, art. 20.17 (1969).

16. CONN. GEN. STATS. ANN. §§ 12-387a to 12-387c (Cum. Part. 1975).

17. 127 U.S. 265 (1888).

18. Huntington v. Attrill, 146 U.S. 657 (1892), made it clear that sister state judgments that were essentially compensatory in their effect must be given full faith and credit despite their incidental penal effects, but it did not hold that an essentially penal judgment was entitled to full faith and credit in another state. Thus *Wisconsin v. Pelican Ins. Co.* remained undisturbed.

19. 296 U.S. 268 (1935).

20. City of New York v. Shapiro, 129 F. Supp. 149 (D. Mass. 1954) (city administrative

The unanswered question is not whether tax judgments are entitled to full faith and credit, but whether tax statutes are "public acts" also entitled to full faith and credit, so that sister states must enforce unadjudicated tax obligations based upon such statutes. There is no longer any doubt that state statutes conferring private rights are "public acts" within the protection of the full faith and credit clause,[21] but the finality that the clause accords to judgments[22] is not always available to unadjudicated claims based upon statutes. The United States Supreme Court several times has said that a state need not entertain action on a statutory cause of action, however valid it may be under a public act of the sister state where it arose, if it is contrary to the strong public policy of the forum state.[23] The Court also has left each state free to deny a forum for enforcement of sister state causes of action that are essentially penal in character and have not been reduced to judgment.[24] These holdings do not relate directly to governmental causes of action for obligations due under tax statutes, but they leave an opening for the general assumption that the Constitution does not require the states to provide enforcement machinery for one another's unadjudicated tax claims.

Even if the full faith and credit issue were squarely presented to it, there is no indication that the Supreme Court in the near future would extend the enforcement requirement to tax claims. The nationally unifying function of that constitutional provision gradually will increase in urgency and importance, however, as the economy and government of all the states become more intertwined,

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determination of tax liability held entitled to full faitb and credit); Minnesota v. Taran, 164 So. 2d 893 (Fla. App. 1964); Ohio Dep't of Tax. v. Kleitch Bros., Inc., 357 Mich. 504, 98 N.W.2d 636 (1959) (administrative determination of obligation to pay state highway use taxes). But the Supreme Court will not, under its original jurisdiction, entertain an action by one state to collect taxes from a citizen of another state. Massachusetts v. Missouri, 308 U.S. 1 (1939).

21. First Nat'l Bank v. United Air Lines, 342 U.S. 396 (1952); Hughes v. Fetter, 341 U.S. 609 (1951); *cf.* Wells v. Simonds Abrasive Co., 345 U.S. 514 (1953). *See* Leathers, *Dimensions of the Constitutional Obligation to Provide a Forum*, 62 KY. L.J. 1 (1973).

22. Fauntleroy v. Lum, 210 U.S. 230 (1908) (judgment entitled to full faith and credit even though based upon mistaken interpretation of second state's law and contrary to its strong public policy).

23. "We have recognized . . . that full faith and credit does not automatically compel a forum state to subordinate its own statutory policy to a conflicting public act of another state; rather, it is for this Court to choose in each case between the competing public policies involved." Hughes v. Fetter, 341 U.S. 609, 611 (1951). *See* Bradford Elec. Light Co. v. Clapper, 286 U.S. 145, 160 (1932); Paulsen & Sovern, *"Public Policy" in the Conflict of Laws*, 56 COLUM. L. REV. 968, 972, 1010 (1956).

24. *Supra* note 1. It is clear that Huntington v. Attrill, 146 U.S. 657 (1892), was intended to apply only to actions on judgments.

and constitutional interpretation will follow the demands of the times. It is possible that in years to come the power of state government to deal with the misuse of state boundaries to avoid state-imposed obligations may depend upon compelled cooperation between the states. Tax evasion may be one of the critical urgencies that may lead to this result. For the present, however, constitutional compulsion can be relied upon only when judgments are sued upon; otherwise, the forum state's own law controls. For the most part that law takes the form of the little-used reciprocal authorizations already noted and is further limited by the likelihood that some tax actions will be dismissed under the doctrine of forum non conveniens.[25]

C. *"Long-Arm" Service of Process*

The inconvenience of litigating tax claims in a state far from where the claim allegedly arose can be very real, both for the taxing authority and for a defendant who asserts that he does not owe the tax. A state will be able to prove its case easily in a distant forum only when liability is so clear that it is practically undeniable. Forum inconvenience probably constitutes a major reason why so few tax-collection actions are being brought in sister states today despite the general enactment of the reciprocal statutes. An appropriate long-arm statute in the taxing state can provide a remedy for the state's problem of bringing suit to enforce its tax laws against a distant defendant. Engagement within a state in activities that give rise to tax liabilities ordinarily will afford the power basis that satisfies the "fair play and substantial justice" prerequisites for long-arm service of process.[26] Often the asserted liability for sales or use taxes, as well as income and corporate taxes, will be based upon "business transacted in the state;"[27] domicile within the state[28] will be the basis for death tax levies; and property located within the

25. RESTATEMENT (SECOND) CONFLICT OF LAWS § 84 (1971).

26. McGee v. International Life Ins. Co., 355 U.S. 220 (1957); International Shoe Co. v. Washington, 326 U.S. 310 (1945); *cf.* Hanson v. Denckla, 357 U.S. 235 (1958).

27. *See* UNIFORM INTERSTATE & INTERNATIONAL PROCEDURE ACT, § 1.03, authorizing exercise of personal jurisdiction as to causes of action arising from a defendant's:

(1) transacting any business in this state;

(2) contracting to supply services or things in this state;

(5) having an interest in, using, or possessing real property in this state . . . .

13 U.L.A. 285 (1975).

This Uniform Act has either been adopted or used as a model for long-arm service statutes in many of the states.

28. Milliken v. Meyer, 311 U.S. 457 (1940).

state[29] will be the foundation for all ad valorem and much income taxation. Thus, by taking advantage of long-arm service, a tax creditor usually need not sue in some other state to reduce the tax claim to judgment. The action can be brought in the convenient local forum (the taxing state) and a valid in personam judgment based upon personal jurisdiction can be secured there against the tax debtor.[30] Such a judgment is absolutely entitled to full faith and credit in every other state and can be enforced wherever the tax-judgment debtor's assets can be found.[31]

D. Collection of Sales and Use Taxes

Collection of use taxes from out-of-state sellers who sell to local buyers has always constituted one of the major areas of difficulty for states that have a combined sales-use tax system. Major interstate sellers, such as the principal mail order houses, regularly collect and remit use taxes. Often they have assets that could be reached in the taxing state in any event, but their law-abiding sense presumably controls their conduct, and they make their sales records available to auditors from tax-collecting states all over the country. Their sales are not the sales that give rise to the difficult use tax problems. On the other hand, some out-of-state sellers do not report or remit though their sales are properly subject to use taxes in other states. They may have collected the tax from buyers, or they may not have. Small dealers can be ignored by state taxing authorities, but larger dealers cannot be—and they are more difficult to catch.

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29. Bowsher v. Digby, 243 Ark. 799, 422 S.W.2d 671 (1968) (action for realtor's fee against out-of-state owner of in-state land); Dubin v. City of Philadelphia, 34 Pa. D. & C. 61 (Philadelphia County C.P. 1938) (in-state property ownership as basis for long-arm service on cause of action arising from the ownership).

30. International Shoe Co. v. Washington, 326 U.S. 310 (1945) (judgment for unemployment compensation taxes based on long-arm service); People v. Western Tire Auto Stores, Inc., 32 Ill. 2d 527, 207 N.E.2d 474 (1965) (California sales tax judgment based on long-arm service). In United States v. Montreal Trust Co., 235 F. Supp. 345 (S.D.N.Y. 1964), *rev'd*, 358 F.2d 239 (2d Cir. 1966), *cert. denied*, 384 U.S. 919 (1966), the court held that New York long-arm service sufficed to sustain jurisdiction over the executors of a Canadian decedent in action to recover federal income taxes allegedly owed by the decedent, the service being based on the fact that the tax claim arose out of decedent's "transacting business" in New York within the meaning of New York's long-arm statute. N.Y. CIV. PROC. LAW § 302 (McKinney 1972). *See* Whitman, *Tax Collection from Estates of Nonresidents*, 68 COLUM. L. REV. 1049, 1058 (1968).

31. Milwaukee County v. M.E. White Co., 296 U.S. 268 (1935); People v. Western Tire Auto Stores, Inc., 32 Ill. 2d 527, 207 N.E.2d 474 (1965). The standard and quite simple procedures for enforcement of sister state judgments, including tax judgments, are set out in the UNIFORM ENFORCEMENT OF FOREIGN JUDGMENTS ACT (Rev. 1964), 13 U.L.A. 171 (1975).

If federal authorities collected all sales and use taxes, with remittance to each state of its share (after deducting collection costs), all sellers could be reached and evasions could largely be eliminated. No federal collection system exists, however, nor is one likely to in the near future; state tax collecting agencies, with their varying degrees of efficiency, are entrenched too firmly for that.

A federal statute clarifying the taxing rights of the states and establishing cooperative procedures for reporting, auditing, and collecting sales and use taxes has been seriously proposed. Two-state and multi-state sales transactions are obviously in interstate commerce, and federal regulation thus is permissible. Studies looking toward the drafting and enactment of a federal regulatory statute were initiated in the middle 1960's. Bills have been introduced in Congress in response to these studies.[32] These bills have received mixed response, and none have been enacted into law.

The latest proposal, in the 94th Congress, is S. 2080,[33] the Interstate Taxation Act of 1975. It was introduced on July 10, 1975, by Senator Mathias of Maryland and covers state net income and gross receipts taxes as well as sales and use taxes. The explanation[34] that accompanied the bill's introduction states that it would make no basic changes in the authority of the states to levy the several taxes, but would follow the interstate commerce guidelines previously laid down by the United States Supreme Court.[35] Uniform jurisdictional standards for state taxing power would be prescribed for all the states. Reporting and collection procedures would be unified, greatly simplifying the record-keeping responsibilities of interstate sellers and apparently at the same time increasing the assurance of maximum state collection of taxes due. Opposition from state and local tax collection agencies still persists, although nearly all major interstate sellers seem to support the present proposal. It is likely that a federal statute eventually will be enacted.

II. INTERNATIONAL TAX COLLECTION PROBLEMS

International tax evasion is frequent,[36] and relief for the states

32. *See, e.g.*, S. 2811, 93d Cong., 1st Sess. (1973); S. 2092, 93d Cong., 1st Sess. (1973).

33. 121 CONG. REC., S12,219 (daily ed. July 10, 1975).

34. *Id.* at S12,223. For early analysis, see H.R. REP. No. 565, 89th Cong., 1st Sess. 872 (1965); H.R. REP. No. 2013, 89th Cong., 2d Sess. (1966).

35. National Bellas Hess, Inc. v. Department of Revenues, 386 U.S. 753 (1967); Scripto, Inc. v. Carson, 362 U.S. 207 (1960); *cf.* Springer & O'Byrne, *Have States Over-extended Their Rights to Collect Use Tax from Out-of-State Sellers?*, 36 J. TAX. 58 (1972).

36. *See* Sack, *(Non-)Enforcement of Foreign Revenue Laws, in International Law and Practice*, 81 U. PA. L. REV. 559 (1933).

seems remote. The unwillingness of nations to provide forums for collection of another nation's taxes is more firmly fixed than is that unwillingness among American states.[37] The chauvinistic attitudes of opposing sovereignties make them even less interested in each other's revenue needs. Further, their common fiscal concerns are fewer, or at least less clearly recognized. No central agency exists, such as a central government in a federation of states, to assume administrative authority over collection.

Individual nations like the United States can maintain investigative staffs abroad to seek out information on tax evaders and taxable events generally, but in the absence of treaties, collection can be achieved only by enforcement procedures initiated in the United States. The Internal Revenue Service's Office of International Operations, with offices in the United States and abroad, attempts to keep track of the taxable business activities of American citizens and of activities of foreigners that may have tax consequences in this country.[38] A good deal of pressure can be exerted upon persons and corporations that, though not present or even acting in the United States, have interests here which they wish to protect. Even submission to audits can be arranged with these persons. This activity, however, is unilateral, operating totally within the governmental system of the taxing nation, although perhaps with some measure of tacit cooperation from the other nations. The taxes thus collected are federal, not state or local. Some comparable undercover tax collecting activity by other nations within the United States may exist, but information concerning it is not readily available. In addition to the above activity, of course, informal cooperation is always possible.

Formal agreements between nations also are possible, and some nations, notably Switzerland,[39] deliberately facilitate the acquisition of limited information by outside taxing authorities. The United States and other nations have entered into a number of tax treaties that are for the most part reciprocal. These treaties seldom deal with collection, but largely reduce the burdens of double or multiple taxation upon nationals of the treaty-signing nations.[40]

37. *See* Note, *Transnational Evasion of United States Taxation*, 81 HARV. L. REV. 876 (1968).

38. Balter, *How the Office of International Operations Enforces U.S. Taxes in Foreign Countries*, 22 J. TAX. 356 (1965); Fox, *Office of International Operations: what it does and how it functions*, 22 J. TAX. 162 (1965).

39. *See* Kronauer, *Information Given for Tax Purposes from Switzerland to Foreign Countries*, 30 TAX L. REV. 47 (1974).

40. Gordon, *Effect of Recent Treaty Changes on U.S. Taxation of Business Abroad*, 26 J. TAX. 218 (1967); Johnson, *Systems for Tax Enforcement Treaties: The Choice Between*

They also provide for some exchange of information, which is usable for collection purposes. Some Scandinavian countries have treaties under which the courts of one country will be open to the other for tax collection purposes,[41] but the United States has no such treaty. Lesser aids to collection abroad are sometimes authorized. None of these, however, now relate to state or local taxes. The making of treaties is the technique through which extranational enforcement of tax claims, whether federal, state, or local, will have to be undertaken, if at all. State or local governmental units presently can do little to affect this treaty-making.

III. CONCLUSION

One conclusion to the problem of extrastate enforcement within the United States is clear: in general it will be best for the taxing unit to get a judgment in its home court, then claim full faith and credit for the judgment in the state in which the tax debtor or his assets can be reached. This is so notwithstanding the continued trend among states to enter into reciprocity agreements. Getting a judgment at home will avoid legal questions about validity of the tax and fact questions about its amount in the second state's disinterested courts. A suitable long-arm statute will be necessary for many of such original judgments. Most states already have long-arm statutes that are sufficiently comprehensive to include these actions, but either authoritative interpretations or more specific enactments will have to be secured in some states. Once an in personam judgment is rendered on the basis of valid long-arm service, the tax judgment is absolutely entitled to respect in every sister state. In the international sphere today, however, a tax judgment will not be enforced in the courts of foreign countries. The prospects for change in the rule for foreign countries nevertheless are better for tax judgments than for unadjudicated tax claims.

Administrative Assessments and Court Judgments, 10 HARV. INT'L L.J. 263 (1969); Owens, *United States Income Tax Treaties: Their Role in Relieving Double Taxation*, 17 RUTGERS L. REV. 428 (1963); Surrey, *International Tax Conventions: How They Operate and What They Accomplish*, 23 J. TAX. 364 (1965).

41. *See* Robertson, *Extraterritorial Enforcement of Tax Obligations*, 7 ARIZ. L. REV. 219, 239 (1966).