

Document Info:

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James W. McCulloch, a Federal cashier at the Baltimore branch of the U.S. bank, refused to pay the taxes imposed by the state. Maryland filed a suit against McCulloch in an effort to collect the taxes. The Supreme Court, however, decided that the chartering of a bank was an implied power of the Constitution, under the “elastic clause,” which granted Congress the authority to “make all laws which shall be necessary and proper for carrying into execution” the work of the Federal Government.

This case presented a major issue that challenged the Constitution: Does the Federal Government hold sovereign power over states? The proceedings posed two questions: Does the Constitution give Congress power to create a bank? And could individual states ban or tax the bank? The court decided that the Federal Government had the right and power to set up a Federal bank and that states did not have the power to tax the Federal Government. Marshall ruled in favor of the Federal Government and concluded, “the power to tax involves the power to destroy.”

McCulloch v. Maryland (1819)

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