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Grant of Power to Collect Import Duties, 3 February 1781

Congress did not have the power to tax or collect revenue of any kind, either before or after the adoption of the Articles of Confederation on 1 March 1781, but it did have financial independence during the first five years of the War for Independence. Beginning in 1775, Congress issued paper money (as did the states) to pay much of the cost of fighting the war. By 1780 the paper currency had depreciated so much that Congress abandoned its use. Thereafter, Congress was dependent on the states to comply with its requisitions.

However, there were members of Congress who believed that Congress should have an income of its own. On 7 November 1780, Congress appointed a committee “to prepare and lay before Congress a plan for arranging the finances, paying the debts and economizing the revenue of the United States.” The committee reported on 18 December that Congress should be vested with the “exclusive right to duties arising on certain imported articles,” and that the states should be requested to pass laws granting Congress power to levy duties upon imported goods after 1 May 1781. Congress debated this and other reports on finance until it passed the impost proposal on 3 February 1781 after striking out a provision for the appointment of collectors by Congress.

The proposal was sent to the states on 8 February accompanied by a resolution of 7 February. The resolution provided that if hostilities prevented any legislature from meeting, the grant would go into effect as soon as the other states ratified, and that the money collected would be applied to the credit of the ratifying states.

The ratification of the Articles of Confederation, less than a month after the grant was requested, transformed the grant into an amendment to the Articles requiring unanimous ratification by the thirteen states. By the fall of 1782, all the states except Rhode Island had ratified. Attempts to persuade Rhode Island failed, and the Virginia legislature defeated the amendment permanently when it rescinded Virginia’s ratification in December.

Resolved That it be recommended to the several States as indispensibly necessary, that they vest a power in Congress to levy for the use of the United States a duty of five percent advalorem at the time and place of importation upon all goods wares and merchandizes of foreign growth & manufactures which may be imported into any of the said States from any foreign port Island or plantation after the first day of May 1781 except arms ammunition cloathing & other articles imported on account of the United States or any of them; and except wool cards & cotton cards & wire for making them and also except salt during the war.

Also a like duty of five percent on all prizes and prize goods condemned in the Court of Admiralty of any of these States as lawful prize.

That the monies arising from the said duties be appropriated to the discharge of the principal & interest of the debts already contracted or which may be contracted on the faith of the United States for supporting the present war.

That the said duties be continued until the said debts shall be fully & finally discharged.

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