



Learning Resources, Inc. v. Trump: Supreme Court Strikes Down President's Existing Tariffs as Exceeding Regulatory Powers Under IEEPA

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On February 20, 2026, the U.S. Supreme Court invalidated a key component of President Trump's economic agenda: tariffs imposed on imports by foreign countries under the International Emergency Economic Powers Act (IEEPA). The President declared two emergencies: (1) the proliferation of imported drugs creating a public health crisis; and (2) balancing trade deficits with certain foreign countries. Without examining the substance of the purported emergencies, the Court ruled, 6-3, in *Learning Resources, Inc. v. Trump* (No. 24-1287) that IEEPA's authorization to "regulate . . . importation," § 1702(a)(1)(B), did not include the power to issue tariffs.

The Court did not provide guidance on what happens to the improperly levied tariffs already paid, estimated in 2025 to be upwards of \$200 billion. Justices Alito, Kavanaugh, and Thomas dissented, and would have upheld the tariffs.

I. SCOTUS: IEEPA Power to *Regulate* Imports Does Not Include Tax Power

Chief Justice John Roberts, writing for the Court, explained that Congress has the exclusive "power to lay and collect taxes, duties, imposts and excises," U.S. Const. art. I, § 8, cl. 1—a power described as "the one great power upon which the whole national fabric is based," *Nicol v. Ames*, 173 U.S. 509, 515 (1899), and reflects the "taxation without representation" rallying cry for the American Revolution.

The taxing power has long been held to encompass tariffs, or the laying of duties on imports or exports. *Gibbons v. Ogden*, 22 U.S. (9 Wheat.) 1, 201 (1824). Thus, the Court explained, Congress must confer the power to issue tariffs by law before the President can issue the same. Yet, IEEPA did not expressly give the President that power, and the general authorization to "regulate . . . importation" did not implicitly confer that power, either. For one, the plain meaning of "regulate" does not include the power to tax. The same IEEPA provision provided eight other specific powers that would enable the President to regulate imports, but not the tax power. For another, the Government could not identify an example of a federal law where the power to *regulate*, without more, included the power to tax.

II. Impact of *Learning Resources* on Businesses

The Court's decision to invalidate IEEPA-based tariffs may have both short-term and long-term benefits for U.S. businesses that rely heavily on the imports impacted by tariffs, though uncertainty remains.

Immediate Impact. Businesses that import goods previously subject to the “reciprocal” tariffs may see relief in the form of reduced costs on new shipments. For companies sourcing manufactured components, equipment, and materials from countries that had been subject to those tariffs, the decision should remove a layer of added expenses. But the implementation timeline is unclear, and the ruling's limited focus—*e.*, tariffs issued under IEEPA—does not control other existing and forthcoming tariff policies issued on other statutory grounds. Notably, tariffs on steel and aluminum imposed under different statutory authorities remain in place. Businesses with supply chains heavily dependent on those metals should not see an immediate change.

The status of tariff refunds, however, remains unclear. As noted, the Court did not provide guidance on what happens to the improperly levied tariffs already paid. One of the dissents worried that the refund process would be a “mess,” and could have a negative impact on trade deals, more generally.

Near Term. The policy landscape remains fluid. Within hours of the decision, the President announced a temporary 10% global tariff under Section 122 of the Trade Act of 1974 (ostensibly raised to 15% over the weekend), signaling the Administration's intent to continue to pursue other means of accomplishing its trade policies via tariffs. Tariffs issued under this law are capped at 15% and limited to 150 days. The Administration may seek other alternative avenues for imposing similar tariffs, too, which may spark additional litigation.

Long Term. The long-term forecast is hazy.

On the one hand, the Court has rejected a broad theory of Executive power to issue far-reaching and substantial tariffs in the absence of clear Congressional authority. That may give comfort to some and distress to others depending on the current economic policies. Viewed differently, the Court's decision may be read as an invitation for Congress to take a more active role in the tariff process, at least when it comes to delineating *when* and *how* the Executive branch may employ this taxing power. The grinding legislative process, while hardly a paradigm for immediate policy shifts, may allow greater public comment on proposed tariff policies. And its relatively slow pace and reliance on compromise, compared to Executive orders, may yield greater predictability of prices and tariff policies for import and export markets.

On the other hand, it remains to be seen whether Congress will take up the invitation, and the uncertain policy landscape may disrupt trade deals and markets. The President appears poised to utilize other regulatory powers, including other tariff powers, in lieu of the tariffs struck down. And any legal challenges to those forthcoming policies would await decisions from the courts. To be sure, *Learning Resources* provides a helpful tool for challenging Executive taxing powers not backed by legislation. But achieving favorable judicial decisions would take time. It is no coincidence that the outdoor lamps at the Supreme Court ride atop sculptures of tortoises, reflecting the *slow, deliberate pace of the law*.

Any refund process will likely require additional legislative or judicial guidance, as to *who* qualifies, *what* will be refunded, and *how* refund applications will be processed. All of which takes time. Some importers, believing the tariffs unlawful, filed lawsuits back in 2025 seeking declaratory and injunctive relief, and other legal protections to preserve their right to recover tariffs paid on imports. A big concern, apart from the substantive legal issues decided in *Learning Resources*, was the timing issue posed by liquidation, or the final determination by customs that import entries are complete and settled. The U.S. Court of International Trade issued guidance in December 2025 suggesting that liquidation during the pendency of the Supreme Court's consideration of the case would not extinguish refund rights, but it remains unclear how this guidance will apply going forward.

Suffice to say, businesses that believe they suffered the economic burden of these tariffs should promptly consult with counsel regarding potential recovery strategies to stay up to date with these developments and ahead of any near-term deadlines.

Bottom Line. For many businesses working with imports, the ruling removes a cost burden in the short term and may ease pressure on certain supply chains. Businesses should continue to monitor developments closely as the trade policy environment may shift again depending on administrative, legislative, and judicial responses to the decision. In the meantime, businesses should also evaluate tariff risk allocation in sourcing agreements, pricing structures, and customer contracts as the policy response unfolds. [*Cf.* "[Are Tariffs the New Force Majeure? Only if You Say So.](#)"]

III. Impact of *Learning Resources* on Other Executive Actions: SCOTUS at Odds Over Application of Major Questions Doctrine

While the *Learning Resources* judgment is clear-cut, one aspect of its reasoning—the “major questions doctrine”—divided the justices, but still featured prominently for six of them. The dispute focuses on judicial methodology, and the significant ink devoted to it all but guarantees that the doctrine will continue to loom large in upcoming disputes about vague delegations of core Congressional powers.

The “major questions” doctrine, Chief Justice Roberts explained in a plurality aspect of his opinion, reflects courts’ “reluctance to read into ambiguous statutory text extraordinary delegations of Congress’s power” (citation and internal quotation marks omitted), and carries with it a presumption against delegation in the absence of *clear* statutory language. In this sense, it bears much resemblance to a clear-statement rule.

And it is a rule of statutory interpretation that has wielded considerable weight in recent high-profile cases striking down Executive branch policies on such things as: environmental regulation (*West Virginia v. EPA*, 597 U.S. 697 (2022)); vaccine mandates (*NFIB v. OSHA*, 595 U.S. 109 (2022)); and student-loan forgiveness (*Biden v. Nebraska*, 600 U.S. 477 (2023)). So applied, it demonstrates the Court’s expectation that Executive branch policies that will have a substantial impact on the economy, specific industries, or the separation of powers will be grounded in clear legislative commands.

Justices Neil Gorsuch and Amy Coney Barrett wrote separately on the application of the doctrine, while joining Chief Justice Roberts’s contribution on the same. Justice Gorsuch critiqued his concurring and dissenting colleague’s contrasting applications of the doctrine, while encouraging other concurring Justices who eschewed the doctrine to give it another chance. Justice Barrett, meanwhile, expressed concerns that certain applications of the doctrine might reflect an unnecessary presumption against delegations of power, when it should merely serve to help judges “ascertain the most natural reading of a statute.”

Though three Justices in the *Learning Resources* majority deemed it unnecessary to invoke the “major questions doctrine” (Kagan, Sotomayor, and Jackson), there is no reason to believe that the Court is backing away from its use. The three dissenting Justices previously endorsed the rule in the above majority opinions (*West Virginia*, *NFIB*, *Biden*), and they continue to stand by the rule in *Learning Resources*. They simply believed that IEEPA’s power to “regulate . . . importation,” read in context, sufficiently conferred the power to tax imports. Further, some of the dissenting Justices stressed the President’s power to regulate foreign affairs as perhaps an additional reason to construe IEEPA broadly in this context.

While certain businesses and industries may breathe a sigh of relief over the Court’s striking of the tariffs and reasonably hope for greater Congressional involvement—and thus greater predictability—in tariff-making decisions, the appellate lawyers who represent them and legal academics may take comfort that the “major questions doctrine” will continue to provide guidance for disputes arising between expansive Executive branch policies that intrude on Congress’s prerogatives without a clear statutory basis.

Additional Information

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