This paper argues that the fiscal strains placed upon the local administrative apparatus of Qing China’s southwestern territories (and the city of Chongqing in particular) led to a series of revenue-raising schemes that fundamentally altered the way that the market was governed. It outlines the history of how local, extralegal, needs-based state demands for revenue from merchant groups formed for the purpose of taxation led to the regularization and negotiation of local state demands on merchant constituencies. The outcome of this local rationalization of state-market interactions was a diverse and active array of merchant groups whose role as state agents of commercial taxation quickly moved into other areas of municipal administration. This paper argues that, by the turn of the twentieth century, these merchant groups went on to play a central role in the increasingly complex process of local collaboration between merchant and state agents to regulate the urban market system.