

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE RESOLUTION 1184

Sponsors: Representative Allred.

Referred to: Rules, Calendar, and Operations of the House.

April 12, 2005

1 A HOUSE RESOLUTION URGING CONGRESS TO ELIMINATE UNFAIR TAX
2 ADVANTAGES FOR CONGRESSIONAL CAMPAIGN COMMITTEES.

3 Whereas, section 527 of the Internal Revenue Code provides for the
4 inequitable taxation of income earned by political campaign committees; and

5 Whereas, the net income for all campaign committees, except those for
6 congressional candidates, is taxable at the rate of 35%, which is the highest corporate
7 income tax rate and, for most corporations, applies only to net income above
8 \$10,000,000; and

9 Whereas, in section 527(h) of the Internal Revenue Code, Congress has
10 created a special exception to this tax for the principal campaign committees of
11 congressional candidates, so that the first \$50,000 of their net income is taxed at the
12 lowest corporate income tax rate, 15%; and

13 Whereas, over \$50,000, the income of congressional campaign committees
14 continues to benefit from special tax treatment, enjoying rates below the rate paid by
15 other political committees on the amount up to \$10,000,000; and

16 Whereas, this special treatment for congressional candidates, which does not
17 extend to local, state, or other political candidates, is inequitable and without
18 justification; Now, therefore,

19 Be it resolved by the House of Representatives:

20 **SECTION 1.** The North Carolina House of Representatives requests our
21 elected representatives in the United States Congress to eliminate the unfair treatment of
22 local and state political campaign committees by repealing the special tax break for
23 congressional campaign committees found in section 527(h) of the Internal Revenue
24 Code or by allowing the same tax break to all political campaign committees, so that all
25 political campaign committees share an equal tax burden.

26 **SECTION 2.** The Secretary of State shall transmit a certified copy of this
27 resolution to each member of North Carolina's congressional delegation.

28 **SECTION 3.** This resolution is effective upon adoption.