

FOR the purpose of requesting the Maryland Congressional Delegation to sponsor an amendment to the Internal Revenue Code to eliminate a disparity in the income taxation of State, local, and federal political campaign committees.

WHEREAS, Under § 527(b) of the Internal Revenue Code, a political organization generally is not eligible for lower graduated marginal rates on the first \$75,000 of its taxable income as are available to corporations generally; and

WHEREAS, As a result, the taxable income of a political organization generally is taxed entirely at the highest marginal rate of 34%; and

WHEREAS, Corporations generally are subject to graduated marginal federal income tax rates of 15% on the first \$50,000 of taxable income, 25% on taxable income between \$50,000 and \$75,000, and 34% on taxable income in excess of \$75,000, with the benefit of the lower marginal rates being reduced if taxable income exceeds \$100,000 and with that benefit being phased out completely if taxable income exceeds \$335,000; and

WHEREAS, Under § 527(b) of the Internal Revenue Code, political organizations generally are not eligible for the lower graduated marginal rates and the taxable income of a political organization generally is taxed at the highest marginal rate of 34%; and

WHEREAS, Under § 527(h) of the Internal Revenue Code, a candidate for Congress may have one principal campaign committee that is eligible for the lower graduated marginal rates on the first \$75,000 of taxable income; and

WHEREAS, Only a candidate for Congress, and not a candidate for other federal or state or local public office, may designate a principal campaign committee to be eligible for the lower graduated marginal income tax rates; and

WHEREAS, As a result of the inability of a candidate for public office other than Congress to designate a principal campaign committee, the entire taxable income of the campaign committee of such a candidate is subject to the highest marginal rate of 34%; and

WHEREAS, The General Assembly believes that this disparity in the federal income tax treatment of candidates for state and local public office on the one hand and candidates for Congress on the other should be eliminated, and that political campaign committees with taxable income should be treated the same for federal income tax purposes whether the candidate is running for federal, state, or local public office; now, therefore, be it

RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Maryland Congressional Delegation is requested to sponsor federal legislation amending the Internal Revenue Code to allow candidates for state and local public office to designate one principal campaign committee to be eligible for the lower graduated marginal income tax rates; and be it further

RESOLVED, That a copy of this Resolution be forwarded by the Department of Legislative Reference to the Maryland Congressional Delegation: Senators Paul S.