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113TH CONGRESS
1ST SESSION

H. R. 2680

To amend the Internal Revenue Code of 1986 to tax bona fide residents of the District of Columbia in the same manner as bona fide residents of possessions of the United States.

IN THE HOUSE OF REPRESENTATIVES

JULY 11, 2013

Mr. GOHMERT introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to tax bona fide residents of the District of Columbia in the same manner as bona fide residents of possessions of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "No Taxation Without Representation Act".

SEC. 2. FINDINGS.

The Congress finds the following:

(1) The phrase ''no taxation without representation'' was a rallying cry of many American colonists during the period of British rule in the 1760s and early 1770s. The slogan gained widespread notoriety after the passage of the Sugar Act on April 5, 1764.

(2) American colonists increasingly resented being levied taxes without having actual legislators seated and voting in Parliament in London. The idea that there should be no taxation without representation dated back even further. Benjamin Franklin stated, ''it is suppos'd an undoubted Right of Englishmen not to be taxed but by their own Consent given thro' their Representatives.''.

(3) This issue became even more defined in 1765 with the passage of the Stamp Act which was the first true attempt to levy a direct tax on the American colonies. Ultimately the tax was repealed, but the idea of no taxation without representation persisted.

(4) Article I, section 2, clause 1 of the United States Constitution, states, ''The House of Representatives shall be composed of Members chosen every second Year by the People of the several States, and the Electors in each State shall have the

Qualifications requisite for Electors of the most numerous Branch of the State Legislature.''.

(5) The Organic Act of 1801 placed Washington, DC, under the exclusive jurisdiction of the United States Congress and people in the District were no longer considered residents of Virginia or Maryland.

(6) Many in Washington, DC, were immediately opposed to the idea of being taxed without congressional representation and over the years several congressional leaders introduced constitutional amendments to give the District of Columbia voting representation, though none were successful.

(7) In 1898, Puerto Rico was acquired by the United States and currently has a Resident Commissioner with limited voting rights. Section 933 of the Internal Revenue Code of 1986 exempts bona fide citizens who are residents of Puerto Rico for the entire taxable year from Federal taxes on income earned in Puerto Rico.

(8) On March 31, 1917, the United States took possession of the Virgin Islands and in 1927, the territory's residents were granted citizenship. Under section 932 of the Internal Revenue Code of 1986, individuals who are bona fide residents of the United

States Virgin Islands during the entire taxable year, and who fully pay all income tax liabilities to the United States Virgin Islands, are not subject to Federal income taxes on their income.

(9) Guam was established as a territory of the United States after the passage of the Guam Organic Act of 1950. Under the provisions of section 935 of the Internal Revenue Code of 1986, residents of Guam are required to file tax returns with Guam, but not with the United States Federal Government and therefore the residents do not have to pay United States Federal income taxes.

(10) The Commonwealth of the Northern Mariana Islands was established in 1975 after residents decided not to pursue independence, but instead they opted to enter into territory negotiations. The tax treatment of the Northern Mariana Islands is similar to the structure of Guam in that bona fide residents are not required to pay Federal income taxes.

(11) American Samoa, which is technically considered ''unorganized'' because no Organic Acts have been passed by Congress, is governed by section 931 of the Internal Revenue Code of 1986. Under this section, bona fide year-round residents are exempt from Federal taxes on income they earn in Samoa,

Guam, and Northern Mariana Islands, but are subject to Federal taxes on income earned elsewhere.

(12) In keeping with the early history and democratic traditions of the United States, the principles established in the Constitution, and in conformance with the other territories of the United States which have delegates but no Representative, the residents of the District of Columbia should be exempt from paying United States Federal income taxes.

SEC. 3. EXCLUSION FROM GROSS INCOME FOR INCOME FROM SOURCES WITHIN THE DISTRICT OF COLUMBIA.

(a) IN GENERAL.—Subpart D of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 938. INCOME FROM SOURCES WITHIN THE DISTRICT OF COLUMBIA.

"(a) GENERAL RULE.—In the case of an individual who is a bona fide resident of the District of Columbia during the entire taxable year, gross income shall not include—

"(1) income derived from sources within the District of Columbia, and

"(2) income effectively connected with the conduct of a trade or business by such individual within the District of Columbia.

"(b) DEDUCTIONS, ETC. ALLOCABLE TO EXCLUDED AMOUNTS NOT ALLOWABLE.—An individual shall not be allowed—

"(1) as a deduction from gross income any deductions (other than the deduction under section 151, relating to personal exemptions), or

"(2) any credit, properly allocable or chargeable against amounts excluded from gross income under this section.

"(c) BONA FIDE RESIDENT AND OTHER APPLICABLE RULES.—For purposes of this section, rules similar to the rules of section 876, 937, 957(c), 3401(a)(8)(D), and 7654 shall apply.".

(b) CLERICAL AMENDMENT.—The table of sections for subpart D of part III of subchapter N of chapter 1 of such Code is amended by adding at the end the following new item:

"Sec. 938. Income from sources within the District of Columbia.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

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