

106TH CONGRESS
1ST SESSION

S. RES. 71

Expressing the sense of the Senate rejecting a tax increase on investment income of certain associations.

IN THE SENATE OF THE UNITED STATES

MARCH 22, 1999

Mr. ABRAHAM (for himself, Mr. CRAPO, Mr. SANTORUM, Mr. GRAMM, and Mr. INHOFE) submitted the following resolution; which was referred to the Committee on Finance

RESOLUTION

Expressing the sense of the Senate rejecting a tax increase on investment income of certain associations.

Whereas the President's fiscal year 2000 Federal budget proposal to impose a tax on the interest, dividends, capital gains, rents, and royalties in excess of \$10,000 of trade associations and professional societies exempt under section 501(c)(6) of the Internal Revenue Code of 1986 represents an unjust and unnecessary penalty on legitimate association activities;

Whereas at a time when the Government is projecting on-budget surpluses of more than \$800,000,000,000 over the next 10 years, the President proposes to increase the tax burden on trade and professional associations by \$1,440,000,000 over the next 5 years;

Whereas the President's association tax increase proposal will impose a tremendous burden on thousands of small and mid-sized trade associations and professional societies;

Whereas under the President's association tax increase proposal, most associations with annual operating budgets of as low as \$200,000 or more will be taxed on investment income and as many as 70,000 associations nationwide could be affected by this proposal;

Whereas associations rely on this targeted investment income to carry out exempt-status-related activities, such as training individuals to adapt to the changing workplace, improving industry safety, providing statistical data, and providing community services;

Whereas keeping investment income free from tax encourages associations to maintain modest surplus funds that cushion against economic and fiscal downturns; and

Whereas corporations can increase prices to cover increased costs, while small and medium-sized local, regional, and State-based associations do not have such an option, and thus increased costs imposed by the President's association tax increase would reduce resources available for the important standard-setting, educational training, and professionalism training performed by associations: Now, therefore, be it

- 1 *Resolved*, That it is the sense of the Senate that Con-
- 2 gress should reject the President's proposed tax increase
- 3 on investment income of associations as defined under sec-
- 4 tion 501(c)(6) of the Internal Revenue Code of 1986.

○