

112<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3731

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.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 19, 2011

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.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “No Taxation Without  
5       Representation Act”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds the following:

1           (1) The phrase “no taxation without represen-  
2           tation” was a rallying cry of many American colo-  
3           nists during the period of British rule in the 1760s  
4           and early 1770s. The slogan gained widespread no-  
5           toriety after the passage of the Sugar Act on April  
6           5, 1764.

7           (2) American colonists increasingly resented  
8           being levied taxes without having actual legislators  
9           seated and voting in Parliament in London. The  
10          idea that there should be no taxation without rep-  
11          resentation dated back even further. Benjamin  
12          Franklin stated, “it is suppos’d an undoubted Right  
13          of Englishmen not to be taxed but by their own Con-  
14          sent given thro’ their Representatives.”

15          (3) This issue became even more defined in  
16          1765 with the passage of the Stamp Act which was  
17          the first true attempt to levy a direct tax on the  
18          American colonies. Ultimately the tax was repealed,  
19          but the idea of no taxation without representation  
20          persisted.

21          (4) Article I, section 2, clause 1 of the United  
22          States Constitution, states, “The House of Rep-  
23          resentatives shall be composed of Members chosen  
24          every second Year by the People of the several  
25          States, and the Electors in each State shall have the

1       Qualifications requisite for Electors of the most nu-  
2       merous Branch of the State Legislature.”.

3           (5) The Organic Act of 1801 placed Wash-  
4       ington, DC, under the exclusive jurisdiction of the  
5       United States Congress and people in the District  
6       were no longer considered residents of Virginia or  
7       Maryland.

8           (6) Many in Washington, DC, were immediately  
9       opposed to the idea of being taxed without congres-  
10      sional representation and over the years several con-  
11      gressional leaders introduced constitutional amend-  
12      ments to give the District of Columbia voting rep-  
13      resentation, though none were successful.

14          (7) In 1898, Puerto Rico was acquired by the  
15      United States and currently has a Resident Commis-  
16      sioner with limited voting rights. Section 933 of the  
17      Internal Revenue Code of 1986 exempts bona fide  
18      citizens who are residents of Puerto Rico for the en-  
19      tire taxable year from Federal taxes on income  
20      earned in Puerto Rico.

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

1 States Virgin Islands during the entire taxable year,  
2 and who fully pay all income tax liabilities to the  
3 United States Virgin Islands, are not subject to Fed-  
4 eral income taxes on their income.

5 (9) Guam was established as a territory of the  
6 United States after the passage of the Guam Or-  
7 ganic Act of 1950. Under the provisions of section  
8 935 of the Internal Revenue Code of 1986, residents  
9 of Guam are required to file tax returns with Guam,  
10 but not with the United States Federal Government  
11 and therefore the residents do not have to pay  
12 United States Federal income taxes.

13 (10) The Commonwealth of the Northern Mar-  
14 iana Islands was established in 1975 after residents  
15 decided not to pursue independence, but instead they  
16 opted to enter into territory negotiations. The tax  
17 treatment of the Northern Mariana Islands is simi-  
18 lar to the structure of Guam in that bona fide resi-  
19 dents are not required to pay Federal income taxes.

20 (11) American Samoa, which is technically con-  
21 sidered “unorganized” because no Organic Acts have  
22 been passed by Congress, is governed by section 931  
23 of the Internal Revenue Code of 1986. Under this  
24 section, bona fide year-round residents are exempt  
25 from Federal taxes on income they earn in Samoa,

1 Guam, and Northern Mariana Islands, but are sub-  
2 ject to Federal taxes on income earned elsewhere.

3 (12) In keeping with the early history and  
4 democratic traditions of the United States, the prin-  
5 ciples established in the Constitution, and in con-  
6 formance with the other territories of the United  
7 States which have delegates but no Representative,  
8 the residents of the District of Columbia should be  
9 exempt from paying United States Federal income  
10 taxes.

11 **SEC. 3. EXCLUSION FROM GROSS INCOME FOR INCOME**  
12 **FROM SOURCES WITHIN THE DISTRICT OF**  
13 **COLUMBIA.**

14 (a) IN GENERAL.—Subpart D of part III of sub-  
15 chapter N of chapter 1 of the Internal Revenue Code of  
16 1986 is amended by adding at the end the following new  
17 section:

18 **“SEC. 938. INCOME FROM SOURCES WITHIN THE DISTRICT**  
19 **OF COLUMBIA.**

20 “(a) GENERAL RULE.—In the case of an individual  
21 who is a bona fide resident of the District of Columbia  
22 during the entire taxable year, gross income shall not in-  
23 clude—

24 “(1) income derived from sources within the  
25 District of Columbia, and

1           “(2) income effectively connected with the con-  
2           duct of a trade or business by such individual within  
3           the District of Columbia.

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

7           “(1) as a deduction from gross income any de-  
8           ductions (other than the deduction under section  
9           151, relating to personal exemptions), or

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

13           “(c) BONA FIDE RESIDENT AND OTHER APPLICA-  
14 BLE RULES.—For purposes of this section, rules similar  
15 to the rules of section 876, 937, 957(c), 3401(a)(8)(D),  
16 and 7654 shall apply.”.

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

“Sec. 938. Income from sources within the District of Columbia.”.

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

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