

Introduced by

Representatives Headland, Belter, Brandenburg, Haak, Thoreson

Senators Armstrong, Klein, Wanzek

1 A concurrent resolution urging Congress and the Internal Revenue Service to end the  
2 requirement of capitalization of business and farm machinery repair costs and allow business  
3 owners to deduct those costs as a business expense.

4 **WHEREAS**, businesses have been subjected to extremely complex treatment under the  
5 Internal Revenue Code, most of which adds greatly to the cost of recordkeeping and the cost of  
6 doing business; and

7 **WHEREAS**, the decision of the Internal Revenue Service through rules in 26 CFR 1.162-3,  
8 1.162-4, and 1.263(a)-3 to require businesses to capitalize business and farm machinery  
9 repairs shows little regard for imposing additional cost and regulatory burdens on the business  
10 owners forced to comply; and

11 **WHEREAS**, business and farm machinery and equipment is put to rigorous use to produce  
12 a vital United States economy and that machinery and equipment is subject to frequent and  
13 costly repairs, which is a business reality but is largely an unplanned business expense; and

14 **WHEREAS**, requiring businesses to capitalize repair expenses and deduct them over a  
15 period of years, when businesses must repair equipment and pay for those repairs immediately  
16 when the necessity arises, unfairly and pointlessly increases the cost of doing business while  
17 an ordinary business expense deduction would recognize the expenditure in the year the  
18 expenses are incurred;

19 **NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF**  
20 **NORTH DAKOTA, THE SENATE CONCURRING THEREIN:**

21 That the Sixty-fourth Legislative Assembly urges Congress and the Internal Revenue  
22 Service to end the requirement of capitalization of business and farm machinery repair costs  
23 and allow business owners to deduct those costs as a business expense; and

24 **BE IT FURTHER RESOLVED**, that the Secretary of State forward copies of this resolution  
25 to each member of the North Dakota Congressional Delegation, the majority and minority

Sixty-fourth  
Legislative Assembly

- 1 leaders of the United States Senate and House of Representatives, the Secretary of the
- 2 Treasury, and the Director of the Internal Revenue Service.