



# NORTH CAROLINA HOME BUILDERS ASSOCIATION

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#### Executive Vice President

MIKE CARPENTER

## MEMORANDUM

TO: All NCHBA Members

FROM:  Mike Carpenter  
 General Counsel

DATE: December 19, 2017

RE: "Lobbying Expense" Portion of 2018 NCHBA Regular and Affiliate Member Dues

In 1993, the U.S. Congress enacted the *Omnibus Budget Reconciliation Act of 1993* which contains a provision affecting trade associations like NCHBA. The act provides that for tax years beginning in 1994, taxpayers will no longer be able to deduct from their federal income taxes any portion of their association dues attributable to that association's "lobbying activities" as an ordinary and necessary cost of doing business. The law further requires us to notify you as to the percentage of your 2018 state dues that are non-deductible for calendar year 2018. We have performed the required estimated calculations and have determined that 35% of your 2018 state dues will be non-deductible as business expense on your 2018 federal taxes. Thus, we are providing you with the notice as follows:

**"Dues paid to the North Carolina Home Builders Association (NCHBA) are not tax deductible as charitable contributions for income tax purposes. However, they may be tax deductible as ordinary and necessary business expenses subject to restrictions imposed as a result of association lobbying activities. The NCHBA estimates that the non-deductible portion of your 2018 dues – the portion which is allocable to lobbying – is 35%."**

For a member who pays their regular NCHBA dues of \$70.00 in 2018, 35% or \$24.50 will not be eligible for deduction as a business expense, and \$45.50 of the NCHBA dues may be tax deductible as an ordinary and necessary business expense. NCHBA affiliate member dues are \$5.00 so the amount not deductible is \$1.75 and \$3.25 may be deductible.

The National Association of Home Builders has made a similar calculation with respect to their portion of builder and associate 2018 dues. For 2018, NAHB has determined that 19% of their regular annual dues of \$198.00 is non-deductible. Thus, for the NAHB portion of dues \$37.62 is not deductible and \$160.38 may be deductible. NAHB affiliates dues are \$15.00 in 2018. Thus, \$2.85 is not deductible and \$12.15 may be deductible.

Please feel free to contact us if you should have any questions.

\*EUGENE A. GULLEDGE (1964)  
 C. PHIL ROBINSON, JR. (1966)  
 \*CARL W. JOHNSON (1967)  
 \*JOHN CROSLAND, JR. (1968)  
 \*J.M. DAUGHTRIDGE (1969)  
 \*HOMER BARRETT (1970)  
 \*JAMES W. LESTER (1971)  
 CHARLES C. McLAURIN (1972)  
 \*J. VAUGHN KLUTTS (1973)  
 \*Deceased

\*C.L. REAVIS (1974)  
 \*JOHN T. BELL (1975)  
 \*WILLIAM T. BOYD (1976)  
 LaRUE HAMBRICK (1977)  
 J. RAY SPARROW (1978)  
 SHERRILL FAW (1979)  
 MARK E. TIPTON (1980)  
 M. DURWOOD STEPHENSON (1981)  
 J. WATTS ROBERSON (1982)

\*NELSON CALLAHAN (1983)  
 \*PAUL D. TROLLINGER (1984)  
 RICK BATCHELOR (1985)  
 BURL LANCE (1986)  
 LARRY SUMMER (1987)  
 HERSHEL REDDING (1988)  
 JAMES FORD (1989)  
 \*STEVE NASH (1990)  
 HARRIS B. GUPTON (1991)

RUSS DAVIS (1992)  
 CHUCK MILLER (1993)  
 CHARLES MULLEN (1994)  
 ROBERT INGRAHAM (1995)  
 DAVID PRESSLY, JR. (1996)  
 DONALD W. BETSWORTH (1997)  
 GEORGE HENSON (1998)  
 ROBERT YATKO (1999)  
 DANNY ADAMS (2000)

JONATHAN ELLIOT (2001)  
 DON CROOM (2002)  
 GREG ISENHOUR (2003)  
 RICK JUDSON (2004)  
 BUDDY HUGHES (2005)  
 DAVE STORMONT (2006)  
 PAUL MULLICAN (2007)  
 RAY RHODES (2008)  
 FRANK WIESNER (2009)

LYLE GARDNER (2010)  
 BILL DALEURE (2011)  
 ERIK ANDERSON (2012)  
 J. GARY HILL (2013-14)  
 SEAN SULLIVAN (2015)  
 BRIAN PACE (2016)