

106TH CONGRESS  
2D SESSION

**H. R. 4762**

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**AN ACT**

To amend the Internal Revenue Code of 1986 to require 527 organizations to disclose their political activities.



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## AN ACT

To amend the Internal Revenue Code of 1986 to require  
527 organizations to disclose their political activities.

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

1 **SECTION 1. REQUIRED NOTIFICATION OF SECTION 527 STA-**  
2 **TUS.**

3 (a) IN GENERAL.—Section 527 of the Internal Rev-  
4 enue Code of 1986 (relating to political organizations) is  
5 amended by adding at the end the following new sub-  
6 section:

7 “(i) ORGANIZATIONS MUST NOTIFY SECRETARY  
8 THAT THEY ARE SECTION 527 ORGANIZATIONS.—

9 “(1) IN GENERAL.—Except as provided in para-  
10 graph (5), an organization shall not be treated as an  
11 organization described in this section—

12 “(A) unless it has given notice to the Sec-  
13 retary, electronically and in writing, that it is to  
14 be so treated, or

15 “(B) if the notice is given after the time  
16 required under paragraph (2), the organization  
17 shall not be so treated for any period before  
18 such notice is given.

19 “(2) TIME TO GIVE NOTICE.—The notice re-  
20 quired under paragraph (1) shall be transmitted not  
21 later than 24 hours after the date on which the or-  
22 ganization is established.

23 “(3) CONTENTS OF NOTICE.—The notice re-  
24 quired under paragraph (1) shall include informa-  
25 tion regarding—

1           “(A) the name and address of the organi-  
2           zation (including any business address, if dif-  
3           ferent) and its electronic mailing address,

4           “(B) the purpose of the organization,

5           “(C) the names and addresses of its offi-  
6           cers, highly compensated employees, contact  
7           person, custodian of records, and members of  
8           its Board of Directors,

9           “(D) the name and address of, and rela-  
10          tionship to, any related entities (within the  
11          meaning of section 168(h)(4)), and

12          “(E) such other information as the Sec-  
13          retary may require to carry out the internal  
14          revenue laws.

15          “(4) EFFECT OF FAILURE.—In the case of an  
16          organization failing to meet the requirements of  
17          paragraph (1) for any period, the taxable income of  
18          such organization shall be computed by taking into  
19          account any exempt function income (and any de-  
20          ductions directly connected with the production of  
21          such income).

22          “(5) EXCEPTIONS.—This subsection shall not  
23          apply to any organization—

24                 “(A) to which this section applies solely by  
25                 reason of subsection (f)(1), or

1           “(B) which reasonably anticipates that it  
2           will not have gross receipts of \$25,000 or more  
3           for any taxable year.

4           “(6) COORDINATION WITH OTHER REQUIRE-  
5           MENTS.—This subsection shall not apply to any per-  
6           son required (without regard to this subsection) to  
7           report under the Federal Election Campaign Act of  
8           1971 (2 U.S.C. 431 et seq.) as a political com-  
9           mittee.”.

10          (b) DISCLOSURE REQUIREMENTS.—

11                 (1) INSPECTION AT INTERNAL REVENUE SERV-  
12                 ICE OFFICES.—

13                         (A) IN GENERAL.—Section 6104(a)(1)(A)  
14                         of the Internal Revenue Code of 1986 (relating  
15                         to public inspection of applications) is  
16                         amended—

17                                 (i) by inserting “or a political organi-  
18                                 zation is exempt from taxation under sec-  
19                                 tion 527 for any taxable year” after “tax-  
20                                 able year”,

21                                 (ii) by inserting “or notice of status  
22                                 filed by the organization under section  
23                                 527(i)” before “, together”,

24                                 (iii) by inserting “or notice” after  
25                                 “such application” each place it appears,

1 (iv) by inserting “or notice” after  
2 “any application”,

3 (v) by inserting “for exemption from  
4 taxation under section 501(a)” after “any  
5 organization” in the last sentence, and

6 (vi) by inserting “OR 527” after “SEC-  
7 TION 501” in the heading.

8 (B) CONFORMING AMENDMENT.—The  
9 heading for section 6104(a) of such Code is  
10 amended by inserting “OR NOTICE OF STATUS”  
11 before the period.

12 (2) INSPECTION OF NOTICE ON INTERNET AND  
13 IN PERSON.—Section 6104(a) of such Code is  
14 amended by adding at the end the following new  
15 paragraph:

16 “(3) INFORMATION AVAILABLE ON INTERNET  
17 AND IN PERSON.—

18 “(A) IN GENERAL.—The Secretary shall  
19 make publicly available, on the Internet and at  
20 the offices of the Internal Revenue Service—

21 “(i) a list of all political organizations  
22 which file a notice with the Secretary  
23 under section 527(i), and

1           “(ii) the name, address, electronic  
2           mailing address, custodian of records, and  
3           contact person for such organization.

4           “(B) TIME TO MAKE INFORMATION AVAIL-  
5           ABLE.—The Secretary shall make available the  
6           information required under subparagraph (A)  
7           not later than five business days after the Sec-  
8           retary receives a notice from a political organi-  
9           zation under section 527(i).”.

10          (3) INSPECTION BY COMMITTEE OF CON-  
11          GRESS.—Section 6104(a)(2) of such Code is amend-  
12          ed by inserting “or notice of status of any political  
13          organization which is exempt from taxation under  
14          section 527 for any taxable year” after “taxable  
15          year”.

16          (4) PUBLIC INSPECTION MADE AVAILABLE BY  
17          ORGANIZATION.—Section 6104(d) of such Code (re-  
18          lating to public inspection of certain annual returns  
19          and applications for exemption) is amended—

20                 (A) by striking “AND APPLICATIONS FOR  
21                 EXEMPTION” and inserting “, APPLICATIONS  
22                 FOR EXEMPTION, AND NOTICES OF STATUS” in  
23                 the heading,

24                 (B) by inserting “or notice of status under  
25                 section 527(i)” after “section 501” and by in-



1           serting “or any notice materials” after “mate-  
2           rials” in paragraph (1)(A)(ii),

3           (C) by inserting or “or such notice mate-  
4           rials” after “materials” in paragraph (1)(B),  
5           and

6           (D) by adding at the end the following new  
7           paragraph:

8           “(6) NOTICE MATERIALS.—For purposes of  
9           paragraph (1), the term ‘notice materials’ means the  
10          notice of status filed under section 527(i) and any  
11          papers submitted in support of such notice and any  
12          letter or other document issued by the Internal Rev-  
13          enue Service with respect to such notice.”.

14          (c) FAILURE TO MAKE PUBLIC.—Section  
15          6652(c)(1)(D) of the Internal Revenue Code of 1986 (re-  
16          lating to public inspection of applications for exemption)  
17          is amended—

18               (1) by inserting “or notice materials (as defined  
19               in such section)” after “section)”, and

20               (2) by inserting “AND NOTICE OF STATUS”  
21               after “EXEMPTION” in the heading.

22          (d) EFFECTIVE DATE.—

23               (1) IN GENERAL.—Except as provided in para-  
24               graphs (2) and (3), the amendments made by this

1 section shall take effect on the date of the enactment  
2 of this section.

3 (2) ORGANIZATIONS ALREADY IN EXISTENCE.—

4 In the case of an organization established before the  
5 date of the enactment of this section, the time to file  
6 the notice under section 527(i)(2) of the Internal  
7 Revenue Code of 1986, as added by this section,  
8 shall be 30 days after the date of the enactment of  
9 this section.

10 (3) INFORMATION AVAILABILITY.—The amend-  
11 ment made by subsection (b)(2) shall take effect on  
12 the date that is 45 days after the date of the enact-  
13 ment of this section.

14 **SEC. 2. DISCLOSURES BY POLITICAL ORGANIZATIONS.**

15 (a) REQUIRED DISCLOSURE OF 527 ORGANIZA-  
16 TIONS.—Section 527 of the Internal Revenue Code of  
17 1986 (relating to political organizations), as amended by  
18 section 1(a), is amended by adding at the end the fol-  
19 lowing new section:

20 “(j) REQUIRED DISCLOSURE OF EXPENDITURES AND  
21 CONTRIBUTIONS.—

22 “(1) PENALTY FOR FAILURE.—In the case of—  
23 “(A) a failure to make the required disclo-  
24 sures under paragraph (2) at the time and in  
25 the manner prescribed therefor, or

1           “(B) a failure to include any of the infor-  
2           mation required to be shown by such disclo-  
3           sures or to show the correct information,  
4           there shall be paid by the organization an amount  
5           equal to the rate of tax specified in subsection (b)(1)  
6           multiplied by the amount to which the failure re-  
7           lates.

8           “(2) REQUIRED DISCLOSURE.—A political orga-  
9           nization which accepts a contribution, or makes an  
10          expenditure, for an exempt function during any cal-  
11          endar year shall file with the Secretary either—

12                   “(A)(i) in the case of a calendar year in  
13                   which a regularly scheduled election is held—

14                           “(I) quarterly reports, beginning with  
15                           the first quarter of the calendar year in  
16                           which a contribution is accepted or expend-  
17                           iture is made, which shall be filed not later  
18                           than the fifteenth day after the last day of  
19                           each calendar quarter, except that the re-  
20                           port for the quarter ending on December  
21                           31 of such calendar year shall be filed not  
22                           later than January 31 of the following cal-  
23                           endar year,

24                           “(II) a pre-election report, which shall  
25                           be filed not later than the twelfth day be-

1 fore (or posted by registered or certified  
2 mail not later than the fifteenth day be-  
3 fore) any election with respect to which the  
4 organization makes a contribution or ex-  
5 penditure, and which shall be complete as  
6 of the twentieth day before the election,  
7 and

8 “(III) a post-general election report,  
9 which shall be filed not later than the thir-  
10 tieth day after the general election and  
11 which shall be complete as of the twentieth  
12 day after such general election, and

13 “(ii) in the case of any other calendar  
14 year, a report covering the period beginning  
15 January 1 and ending June 30, which shall be  
16 filed no later than July 31 and a report cov-  
17 ering the period beginning July 1 and ending  
18 December 31, which shall be filed no later than  
19 January 31 of the following calendar year, or

20 “(B) monthly reports for the calendar  
21 year, beginning with the first month of the cal-  
22 endar year in which a contribution is accepted  
23 or expenditure is made, which shall be filed not  
24 later than the twentieth day after the last day  
25 of the month and shall be complete as if the

1 last day of the month, except that, in lieu of fil-  
2 ing the reports otherwise due in November and  
3 December of any year in which a regularly  
4 scheduled general election is held, a pre-general  
5 election report shall be filed in accordance with  
6 subparagraph (A)(i)(II), a post-general election  
7 report shall be filed in accordance with sub-  
8 paragraph (A)(i)(III), and a year end report  
9 shall be filed not later than January 31 of the  
10 following calendar year.

11 “(3) CONTENTS OF REPORT.—A report re-  
12 quired under paragraph (2) shall contain the fol-  
13 lowing information:

14 “(A) The amount of each expenditure  
15 made to a person if the aggregate amount of  
16 expenditures to such person during the calendar  
17 year equals or exceeds \$500 and the name and  
18 address of the person (in the case of an indi-  
19 vidual, including the occupation and name of  
20 employer of such individual).

21 “(B) The name and address (in the case of  
22 an individual, including the occupation and  
23 name of employer of such individual) of all con-  
24 tributors which contributed an aggregate  
25 amount of \$200 or more to the organization

1           during the calendar year and the amount of the  
2           contribution.

3           Any expenditure or contribution disclosed in a pre-  
4           vious reporting period is not required to be included  
5           in the current reporting period.

6           “(4) CONTRACTS TO SPEND OR CONTRIBUTE.—  
7           For purposes of this subsection, a person shall be  
8           treated as having made an expenditure or contribu-  
9           tion if the person has contracted or is otherwise obli-  
10          gated to make the expenditure or contribution.

11          “(5) COORDINATION WITH OTHER REQUIRE-  
12          MENTS.—This subsection shall not apply—

13                 “(A) to any person required (without re-  
14                 gard to this subsection) to report under the  
15                 Federal Election Campaign Act of 1971 (2  
16                 U.S.C. 431 et seq.) as a political committee,

17                 “(B) to any State or local committee of a  
18                 political party or political committee of a State  
19                 or local candidate,

20                 “(C) to any organization which reasonably  
21                 anticipates that it will not have gross receipts  
22                 of \$25,000 or more for any taxable year,

23                 “(D) to any organization to which this sec-  
24                 tion applies solely by reason of subsection  
25                 (f)(1), or

1           “(E) with respect to any expenditure which  
2           is an independent expenditure (as defined in  
3           section 301 of such Act).

4           “(6) ELECTION.—For purposes of this sub-  
5           section, the term ‘election’ means—

6                   “(A) a general, special, primary, or runoff  
7                   election for a Federal office,

8                   “(B) a convention or caucus of a political  
9                   party which has authority to nominate a can-  
10                  didate for Federal office,

11                  “(C) a primary election held for the selec-  
12                  tion of delegates to a national nominating con-  
13                  vention of a political party, or

14                  “(D) a primary election held for the ex-  
15                  pression of a preference for the nomination of  
16                  individuals for election to the office of Presi-  
17                  dent.”.

18           (b) PUBLIC DISCLOSURE OF REPORTS.—

19                   (1) IN GENERAL.—Section 6104(d) of the In-  
20                   ternal Revenue Code of 1986 (relating to public in-  
21                   spection of certain annual returns and applications  
22                   for exemption), as amended by section 1(b)(4), is  
23                   amended—

24                           (A) by inserting “REPORTS,” after “RE-  
25                           TURNS,” in the heading,

1 (B) in paragraph (1)(A), by striking “and”  
2 at the end of clause (i), by inserting “and” at  
3 the end of clause (ii), and by inserting after  
4 clause (ii) the following new clause:

5 “(iii) the reports filed under section  
6 527(j) (relating to required disclosure of  
7 expenditures and contributions) by such  
8 organization,” and

9 (C) in paragraph (1)(B), by inserting “,  
10 reports,” after “return”.

11 (2) DISCLOSURE OF CONTRIBUTORS AL-  
12 LOWED.—Section 6104(d)(3)(A) of such Code (relat-  
13 ing to nondisclosure of contributors, etc.) is amend-  
14 ed by inserting “or a political organization exempt  
15 from taxation under section 527” after “509(a)”.

16 (3) DISCLOSURE BY INTERNAL REVENUE SERV-  
17 ICE.—Section 6104(d) of such Code is amended by  
18 adding at the end the following new paragraph:

19 “(6) DISCLOSURE OF REPORTS BY INTERNAL  
20 REVENUE SERVICE.—Any report filed by an organi-  
21 zation under section 527(j) (relating to required dis-  
22 closure of expenditures and contributions) shall be  
23 made available to the public at such times and in  
24 such places as the Secretary may prescribe.”.



1 (c) FAILURE TO MAKE PUBLIC.—Section  
2 6652(c)(1)(C) of the Internal Revenue Code of 1986 (re-  
3 lating to public inspection of annual returns) is  
4 amended—

5 (1) by inserting “or report required under sec-  
6 tion 527(j)” after “filing”),

7 (2) by inserting “or report” after “1 return”,  
8 and

9 (3) by inserting “AND REPORTS” after “RE-  
10 TURNS” in the heading.

11 (d) EFFECTIVE DATE.—The amendment made by  
12 subsection (a) shall apply to expenditures made and con-  
13 tributions received after the date of the enactment of this  
14 Act, except that such amendment shall not apply to ex-  
15 penditures made, or contributions received, after such date  
16 pursuant to a contract entered into on or before such date.

17 **SEC. 3. RETURN REQUIREMENTS RELATING TO SECTION**  
18 **527 ORGANIZATIONS.**

19 (a) RETURN REQUIREMENTS.—

20 (1) ORGANIZATIONS REQUIRED TO FILE.—Sec-  
21 tion 6012(a)(6) of the Internal Revenue Code of  
22 1986 (relating to political organizations required to  
23 make returns of income) is amended by inserting  
24 “or which has gross receipts of \$25,000 or more for  
25 the taxable year (other than an organization to

1 which section 527 applies solely by reason of sub-  
2 section (f)(1) of such section)” after “taxable year”.

3 (2) INFORMATION REQUIRED TO BE INCLUDED  
4 ON RETURN.—Section 6033 of such Code (relating  
5 to returns by exempt organizations) is amended by  
6 redesignating subsection (g) as subsection (h) and  
7 inserting after subsection (f) the following new sub-  
8 section:

9 “(g) RETURNS REQUIRED BY POLITICAL ORGANIZA-  
10 TIONS.—In the case of a political organization required  
11 to file a return under section 6012(a)(6)—

12 “(1) such organization shall file a return—

13 “(A) containing the information required,  
14 and complying with the other requirements,  
15 under subsection (a)(1) for organizations ex-  
16 empt from taxation under section 501(a), and

17 “(B) containing such other information as  
18 the Secretary deems necessary to carry out the  
19 provisions of this subsection, and

20 “(2) subsection (a)(2)(B) (relating to discre-  
21 tionary exceptions) shall apply with respect to such  
22 return.”.

23 (b) PUBLIC DISCLOSURE OF RETURNS.—

24 (1) RETURNS MADE AVAILABLE BY SEC-  
25 RETARY.—

1 (A) IN GENERAL.—Section 6104(b) of the  
2 Internal Revenue Code of 1986 (relating to in-  
3 spection of annual information returns) is  
4 amended by inserting “6012(a)(6),” before  
5 “6033”.

6 (B) CONTRIBUTOR INFORMATION.—Sec-  
7 tion 6104(b) of such Code is amended by in-  
8 serting “or a political organization exempt from  
9 taxation under section 527” after “509(a)”.

10 (2) RETURNS MADE AVAILABLE BY ORGANIZA-  
11 TIONS.—

12 (A) IN GENERAL.—Paragraph (1)(A)(i) of  
13 section 6104(d) of such Code (relating to public  
14 inspection of certain annual returns, reports,  
15 applications for exemption, and notices of sta-  
16 tus) is amended by inserting “or section  
17 6012(a)(6) (relating to returns by political or-  
18 ganizations)” after “organizations”.

19 (B) CONFORMING AMENDMENTS.—

20 (i) Section 6104(d)(1) of such Code is  
21 amended in the matter preceding subpara-  
22 graph (A) by inserting “or an organization  
23 exempt from taxation under section  
24 527(a)” after “501(a)”.

1                   (ii) Section 6104(d)(2) of such Code  
2                   is amended by inserting “or section  
3                   6012(a)(6)” after “section 6033”.

4           (c) FAILURE TO FILE RETURN.—Section 6652(e)(1)  
5 of the Internal Revenue Code of 1986 (relating to annual  
6 returns under section 6033) is amended—

7           (1) by inserting “or section 6012(a)(6) (relating  
8           to returns by political organizations)” after “organi-  
9           zations)” in subparagraph (A)(i),

10           (2) by inserting “or section 6012(a)(6)” after  
11           “section 6033” in subparagraph (A)(ii),

12           (3) by inserting “or section 6012(a)(6)” after  
13           “section 6033” in the third sentence of subpara-  
14           graph (A), and

15           (4) by inserting “OR 6012(a)(6)” after “SECTION  
16           6033” in the heading.

17           (d) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to returns for taxable years begin-  
19 ning after June 30, 2000.

Passed the House of Representatives June 28 (legis-  
lative day, June 27), 2000.

Attest:

*Clerk.*