

Calendar No. 606106TH CONGRESS
2^D SESSION**S. 2742**

To amend the Internal Revenue Code of 1986 to increase disclosure for certain political organizations exempt from tax under section 527 and section 501(c), and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 15, 2000

Mr. SMITH of Oregon (for himself, Mr. ABRAHAM, Mr. ASHCROFT, Mr. BURNS, Mr. SANTORUM, Mr. GORTON, Mrs. HUTCHISON, Mr. ALLARD, Mr. BENNETT, Mr. COVERDELL, Mr. GREGG, Mr. HELMS, Mr. THOMAS, Mr. INHOFE, Mr. MACK, Mr. WARNER, Mr. BUNNING, Mr. LOTT, Mr. MCCONNELL, Mr. CRAPO, and Mr. ROBERTS) introduced the following bill; which was read the first time.

JUNE 16, 2000

Read the second time and placed on the calendar

A BILL

To amend the Internal Revenue Code of 1986 to increase disclosure for certain political organizations exempt from tax under section 527 and section 501(c), and for other purposes.

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. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Tax-Exempt Political Disclosure Act”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SECTION 527 ORGANIZATIONS

Sec. 101. Required notification of section 527 status.

Sec. 102. Disclosures by political organizations.

Sec. 103. Return requirements relating to section 527 organizations.

TITLE II—TAX-EXEMPT BUSINESS AND LABOR ORGANIZATIONS
ENGAGING IN POLITICAL ACTIVITY

Sec. 201. Notification and disclosures of certain section 501 organizations.

Sec. 202. Random audits.

Sec. 203. Nonseverability.

6 **TITLE I—SECTION 527**
7 **ORGANIZATIONS**

8 **SEC. 101. REQUIRED NOTIFICATION OF SECTION 527 STA-**
9 **TUS.**

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

14 “(i) ORGANIZATIONS MUST NOTIFY SECRETARY
15 THAT THEY ARE SECTION 527 ORGANIZATIONS.—

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

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

4 “(B) if the notice is given after the time
5 required under paragraph (2), the organization
6 shall not be so treated for any period before
7 such notice is given.

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

12 “(3) CONTENTS OF NOTICE.—The notice re-
13 quired under paragraph (1) shall include informa-
14 tion regarding—

15 “(A) the name and address of the organi-
16 zation (including any business address, if dif-
17 ferent) and its electronic mailing address,

18 “(B) the purpose of the organization,

19 “(C) the names and addresses of its offi-
20 cers, highly compensated employees, contact
21 person, custodian of records, and members of
22 its Board of Directors,

23 “(D) the name and address of, and rela-
24 tionship to, any related entities (within the
25 meaning of section 168(h)(4)), and

1 “(E) such other information as the Sec-
2 retary may require to carry out the internal
3 revenue laws.

4 “(4) EFFECT OF FAILURE.—In the case of an
5 organization failing to meet the requirements of
6 paragraph (1) for any period, the taxable income of
7 such organization shall be computed by taking into
8 account any exempt function income (and any de-
9 ductions directly connected with the production of
10 such income).

11 “(5) EXCEPTIONS.—This subsection shall not
12 apply to any organization—

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

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

18 “(6) COORDINATION WITH OTHER REQUIRE-
19 MENTS.—This subsection shall not apply to any per-
20 son required to report under the Federal Election
21 Campaign Act of 1971 (2 U.S.C. 431 et seq.) as a
22 political committee.”.

23 (b) DISCLOSURE REQUIREMENTS.—

24 (1) INSPECTION AT INTERNAL REVENUE SERV-
25 ICE OFFICES.—

1 (A) IN GENERAL.—Section 6104(a)(1)(A)
2 of the Internal Revenue Code of 1986 (relating
3 to public inspection of applications) is
4 amended—

5 (i) by inserting “or a political organi-
6 zation is exempt from taxation under sec-
7 tion 527 for any taxable year” after “tax-
8 able year”,

9 (ii) by inserting “or notice of status
10 filed by the organization under section
11 527(i)” before “, together”,

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

14 (iv) by inserting “or notice” after
15 “any application”,

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

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

21 (B) CONFORMING AMENDMENT.—The
22 heading for section 6104(a) of such Code is
23 amended by inserting “OR NOTICE OF STATUS”
24 before the period.

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

5 “(3) INFORMATION AVAILABLE ON INTERNET
6 AND IN PERSON.—

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

10 “(i) a list of all political organizations
11 which file a notice with the Secretary
12 under section 527(i), and

13 “(ii) the name, address, electronic
14 mailing address, custodian of records, and
15 contact person for such organization.

16 “(B) TIME TO MAKE INFORMATION AVAIL-
17 ABLE.—The Secretary shall make available the
18 information required under subparagraph (A)
19 not later than 5 business days after the Sec-
20 retary receives a notice from a political organi-
21 zation under section 527(i).”.

22 (3) INSPECTION BY COMMITTEE OF CON-
23 GRESS.—Section 6104(a)(2) of such Code is amend-
24 ed by inserting “or notice of status of any political
25 organization which is exempt from taxation under

1 section 527 for any taxable year” after “taxable
2 year”.

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

7 (A) by striking “AND APPLICATIONS FOR
8 EXEMPTION” and inserting “, APPLICATIONS
9 FOR EXEMPTION, AND NOTICES OF STATUS” in
10 the heading,

11 (B) by inserting “or notice of status under
12 section 527(i)” after “section 501” and by in-
13 serting “or any notice materials” after “mate-
14 rials” in paragraph (1)(A)(ii),

15 (C) by inserting or “or such notice mate-
16 rials” after “materials” in paragraph (1)(B),
17 and

18 (D) by adding at the end the following new
19 paragraph:

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

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

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

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

9 (d) EFFECTIVE DATE.—

10 (1) IN GENERAL.—Except as provided in para-
11 graphs (2) and (3), the amendments made by this
12 section shall take effect on the date of the enactment
13 of this section.

14 (2) ORGANIZATIONS ALREADY IN EXISTENCE.—
15 In the case of an organization established before the
16 date of the enactment of this section, the time to file
17 the notice under section 527(i)(2) of the Internal
18 Revenue Code of 1986, as added by this section,
19 shall be 30 days after the date of the enactment of
20 this section.

21 (3) INFORMATION AVAILABILITY.—The amend-
22 ment made by subsection (b)(2) shall take effect on
23 the date that is 45 days after the date of the enact-
24 ment of this section.

1 **SEC. 102. DISCLOSURES BY POLITICAL ORGANIZATIONS.**

2 (a) **REQUIRED DISCLOSURE OF 527 ORGANIZA-**
3 **TIONS.**—Section 527 of the Internal Revenue Code of
4 1986 (relating to political organizations), as amended by
5 section 101(a), is amended by adding at the end the fol-
6 lowing new section:

7 “(j) **REQUIRED DISCLOSURE OF EXPENDITURES AND**
8 **CONTRIBUTIONS.**—

9 “(1) **DENIAL OF EXEMPTION.**—An organization
10 shall not be treated as an organization described in
11 this section unless it makes the required disclosures
12 under paragraph (2).

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

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

19 “(I) quarterly reports, beginning with
20 the first quarter of the calendar year in
21 which a contribution is accepted or expend-
22 iture is made, which shall be filed not later
23 than the 15th day after the last day of
24 each calendar quarter, except that the re-
25 port for the quarter ending on December
26 31 of such calendar year shall be filed not

1 later than January 31 of the following cal-
2 endar year,

3 “(II) a pre-election report, which shall
4 be filed not later than the 12th day before
5 (or posted by registered or certified mail
6 not later than the 15th day before) any
7 election with respect to which the organiza-
8 tion makes a contribution or expenditure,
9 and which shall be complete as of the 20th
10 day before the election, and

11 “(III) a post-general election report,
12 which shall be filed not later than the 30th
13 day after the general election and which
14 shall be complete as of the 20th day after
15 such general election, and

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

23 “(B) monthly reports for the calendar
24 year, beginning with the first month of the cal-
25 endar year in which a contribution is accepted

1 or expenditure is made, which shall be filed not
2 later than the 20th day after the last day of the
3 month and shall be complete as if the last day
4 of the month, except that, in lieu of filing the
5 reports otherwise due in November and Decem-
6 ber of any year in which a regularly scheduled
7 general election is held, a pre-general election
8 report shall be filed in accordance with sub-
9 paragraph (A)(i)(II), a post-general election re-
10 port shall be filed in accordance with subpara-
11 graph (A)(i)(III), and a year end report shall
12 be filed not later than January 31 of the fol-
13 lowing calendar year.

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

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

24 “(B) The name and address (in the case of
25 an individual, including the occupation and

1 name of the employer of such individual) of all
2 contributors which contributed an aggregate
3 amount of \$200 or more to the organization
4 during the calendar year and the amount of the
5 contribution.

6 Any expenditure or contribution disclosed in a pre-
7 vious reporting period is not required to be included
8 in the current reporting period.

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

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

16 “(A) to any person required to report
17 under the Federal Election Campaign Act of
18 1971 (2 U.S.C. 431 et seq.) as a political com-
19 mittee,

20 “(B) to any State or local committee of a
21 political party or political committee of a State
22 or local candidate,

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

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

4 “(E) with respect to any expenditure which
5 is an independent expenditure (as defined in
6 section 301 of such Act).

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

9 “(A) a general, special, primary, or runoff
10 election for a Federal office,

11 “(B) a convention or caucus of a political
12 party which has authority to nominate a can-
13 didate for Federal office,

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

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

21 (b) PUBLIC DISCLOSURE OF REPORTS.—

22 (1) IN GENERAL.—Section 6104(d) of the In-
23 ternal Revenue Code of 1986 (relating to public in-
24 spection of certain annual returns and applications

1 for exemption), as amended by section 101(b)(4), is
2 amended—

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

5 (B) in paragraph (1)(A), by striking “and”
6 at the end of clause (i), by inserting “and” at
7 the end of clause (ii), and by inserting after
8 clause (ii) the following new clause:

9 “(iii) the reports filed under section
10 527(j) (relating to required disclosure of
11 expenditures and contributions) by such
12 organization,” and

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

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

20 (3) DISCLOSURE BY INTERNAL REVENUE SERV-
21 ICE.—Section 6104(d) of such Code, as amended by
22 section 101(b)(4), is amended by adding at the end
23 the following new paragraph:

24 “(7) DISCLOSURE OF REPORTS BY INTERNAL
25 REVENUE SERVICE.—Any report filed by an organi-

1 zation under section 527(j) (relating to required dis-
 2 closure of expenditures and contributions) shall be
 3 made available to the public at such times and in
 4 such places as the Secretary may prescribe.”.

5 (c) FAILURE TO MAKE PUBLIC.—Section
 6 6652(c)(1)(C) of the Internal Revenue Code of 1986 (re-
 7 lating to public inspection of annual returns) is
 8 amended—

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

11 (2) by inserting “or report” after “1 return”,
 12 and

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

15 (d) EFFECTIVE DATE.—The amendment made by
 16 subsection (a) shall apply to expenditures made and con-
 17 tributions received after the date of enactment of this Act,
 18 except that such amendment shall not apply to expendi-
 19 tures made, or contributions received, after such date pur-
 20 suant to a contract entered into on or before such date.

21 **SEC. 103. RETURN REQUIREMENTS RELATING TO SECTION**

22 **527 ORGANIZATIONS.**

23 (a) RETURN REQUIREMENTS.—

24 (1) ORGANIZATIONS REQUIRED TO FILE.—Sec-
 25 tion 6012(a)(6) of the Internal Revenue Code of

1 1986 (relating to political organizations required to
2 make returns of income) is amended by inserting
3 “or which has gross receipts of \$25,000 or more for
4 the taxable year (other than an organization to
5 which section 527 applies solely by reason of sub-
6 section (f)(1) of such section)” after “taxable year”.

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

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

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

17 “(A) containing the information required,
18 and complying with the other requirements,
19 under subsection (a)(1) for organizations ex-
20 empt from taxation under section 501(a), and

21 “(B) containing such other information as
22 the Secretary deems necessary to carry out the
23 provisions of this subsection, and

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

4 (b) PUBLIC DISCLOSURE OF RETURNS.—

5 (1) RETURNS MADE AVAILABLE BY SEC-
6 RETARY.—

7 (A) IN GENERAL.—Section 6104(b) of the
8 Internal Revenue Code of 1986 (relating to in-
9 spection of annual information returns) is
10 amended by inserting “6012(a)(6),” before
11 “6033”.

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

16 (2) RETURNS MADE AVAILABLE BY ORGANIZA-
17 TIONS.—

18 (A) IN GENERAL.—Paragraph (1)(A)(i) of
19 section 6104(d) of such Code (relating to public
20 inspection of certain annual returns, reports,
21 applications for exemption, and notices of sta-
22 tus) is amended by inserting “or section
23 6012(a)(6) (relating to returns by political or-
24 ganizations)” after “organizations”).

25 (B) CONFORMING AMENDMENTS.—

1 (i) Section 6104(d)(1) of such Code is
2 amended in the matter preceding subpara-
3 graph (A) by inserting “or an organization
4 exempt from taxation under section
5 527(a)” after “501(a)”.

6 (ii) Section 6104(d)(2) of such Code
7 is amended by inserting “or section
8 6012(a)(6)” after “section 6033”.

9 (c) FAILURE TO FILE RETURN.—Section 6652(c)(1)
10 of the Internal Revenue Code of 1986 (relating to annual
11 returns under section 6033) is amended—

12 (1) by inserting “or section 6012(c)(6) (relating
13 to returns by political organizations)” after “organi-
14 zations)” in subparagraph (A)(i),

15 (2) by inserting “or section 6012(c)(6)” after
16 “section 6033” in subparagraph (A)(ii),

17 (3) by inserting “or section 6012(c)(6)” after
18 “section 6033” in the third sentence of subpara-
19 graph (A), and

20 (4) by inserting “OR 6012(c)(6)” after “SECTION
21 6033” in the heading.

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

1 **TITLE II—TAX-EXEMPT BUSI-**
 2 **NESS AND LABOR ORGANIZA-**
 3 **TIONS ENGAGING IN POLIT-**
 4 **ICAL ACTIVITY**

5 **SEC. 201. NOTIFICATION AND DISCLOSURES OF CERTAIN**
 6 **SECTION 501 ORGANIZATIONS.**

7 (a) NOTIFICATION; ANNUAL REPORT.—Part I of
 8 subchapter F of chapter 1 of the Internal Revenue Code
 9 of 1986 is amended by adding at the end the following
 10 new section:

11 **“SEC. 506. ADDITIONAL DISCLOSURE REQUIREMENTS FOR**
 12 **CERTAIN ORGANIZATIONS DESCRIBED IN**
 13 **PARAGRAPH (5) OR (6) OF SECTION 501(C).**

14 “(a) REQUIRED DISCLOSURES.—

15 “(1) IN GENERAL.—An organization described
 16 in paragraph (2) shall not be treated as an organiza-
 17 tion described in section 501(c) for any taxable year
 18 if such organization does not meet the requirements
 19 under subsections (b) and (c) for any portion of
 20 such taxable year.

21 “(2) ORGANIZATION.—An organization is de-
 22 scribed in this paragraph if—

23 “(A) such organization is—

24 “(i) a labor organization described in
 25 section 501(c)(5), or

1 “(ii) a business league, chamber of
2 commerce, or board of trade described in
3 section 501(c)(6), and

4 “(B) such organization makes, or is rea-
5 sonably anticipated to make, directly or indi-
6 rectly, an aggregate amount of expenditures in
7 excess of \$25,000 for any calendar year for
8 communications to the general public which—

9 “(i) mention—

10 “(I) an election for Federal of-
11 fice,

12 “(II) a candidate for Federal of-
13 fice,

14 “(III) an individual holding Fed-
15 eral office, or

16 “(IV) a political party, or

17 “(ii) contain the likeness of such can-
18 didate or individual.

19 “(3) AFFILIATED ORGANIZATIONS.—

20 “(A) IN GENERAL.—For purposes this sec-
21 tion, if an organization described in paragraph
22 (2)(A) is a member of an affiliated group, the
23 contributions and expenditures of each member
24 of such group shall be treated as contributions
25 and expenditures of the organization. The Sec-

1 retary shall prescribe such regulations as nec-
2 essary to ensure that such contributions and ex-
3 penditures are not taken into account more
4 than once with respect to such organization.

5 “(B) SPECIAL RULE.—Notwithstanding
6 subparagraph (A), contributions and expendi-
7 tures of a member of an affiliated group which
8 is higher in the chain of includible members of
9 the group than the organization described in
10 paragraph (2)(A) shall not be treated as con-
11 tributions or expenditures of such organization.
12 This subparagraph shall not apply to contribu-
13 tions and expenditures between members of the
14 affiliated group.

15 “(C) AFFILIATED GROUP.—For purposes
16 of subparagraph (A), persons shall be treated
17 as members of the same affiliated group if—

18 “(i) such persons are treated as one
19 employer under subsection (a) or (b) of
20 section 52,

21 “(ii) such persons are related entities
22 under section 168(h)(4), or

23 “(iii) such persons are related in such
24 other manner as may be prescribed in reg-
25 ulations as the Secretary determines nec-

1 essary to prevent avoidance of the require-
2 ments of this section.

3 If an organization establishes or maintains a
4 separate segregated fund which is not a polit-
5 ical committee under section 301(4) of the Fed-
6 eral Election Campaign Act of 1971 (2 U.S.C.
7 431(4)), such organization and fund shall be
8 treated as a member of the same affiliated
9 group.

10 “(b) REQUIRED NOTICE.—

11 “(1) IN GENERAL.—An organization described
12 in subsection (a)(2) shall file a notice with the Sec-
13 retary, in such manner as the Secretary requires,
14 that such organization is so described.

15 “(2) TIME TO GIVE NOTICE.—The notice re-
16 quired under paragraph (1) shall be transmitted not
17 later than 24 hours after the date such organization
18 first makes, or reasonably expects to make, an ag-
19 gregate amount of expenditures described in sub-
20 section (a)(2)(B).

21 “(3) CONTENTS OF NOTICE.—The notice re-
22 quired under paragraph (1) shall include informa-
23 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 “(c) REQUIRED REPORTS.—An organization de-
16 scribed in subsection (a)(2) shall file with the Secretary—

17 “(1)(A) in the case of a calendar year in which
18 a regularly scheduled election is held—

19 “(i) quarterly reports, beginning with the
20 first quarter of the calendar year in which an
21 amount of expenditures described in subsection
22 (a)(2)(B) is made, which shall be filed not later
23 than the 15th day after the last day of each
24 calendar quarter, except that the report for the
25 quarter ending on December 31 of such cal-

1 endar year shall be filed not later than January
2 31 of the following calendar year,

3 “(ii) a pre-election report, which shall be
4 filed not later than the 12th day before (or
5 posted by registered or certified mail not later
6 than the 15th day before) any election with re-
7 spect to which the organization makes an ex-
8 penditure, and which shall be complete as of the
9 20th day before the election, and

10 “(iii) a post-general election report, which
11 shall be filed not later than the 30th day after
12 the general election and which shall be complete
13 as of the 20th day after such general election,
14 and

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

22 “(2) monthly reports for the calendar year, be-
23 ginning with the first month of the calendar year in
24 which an amount of expenditures described in sub-
25 section (a)(2)(B) is made, which shall be filed not

1 later than the 20th day after the last day of the
2 month and shall be complete as if the last day of
3 the month, except that, in lieu of filing the reports
4 otherwise due in November and December of any
5 year in which a regularly scheduled general election
6 is held, a pre-general election report shall be filed
7 in accordance with paragraph (1)(A)(ii), a post-gen-
8 eral election report shall be filed in accordance with
9 paragraph (1)(A)(iii), and a year end report shall
10 be filed not later than January 31 of the following
11 calendar year.

12 “(d) CONTENTS OF REPORT.—

13 “(1) IN GENERAL.—The report required under
14 subsection (c) shall contain itemized information and
15 the amount of any item contained in the report,
16 including—

17 “(A) any direct or indirect expenditure in
18 an aggregate amount of \$500 or more for the
19 calendar year made in connection with a com-
20 munication to any person which—

21 “(i) mentions—

22 “(I) a Federal election,

23 “(II) a candidate for Federal of-
24 fice,

1 “(III) an individual holding Fed-
2 eral office, or

3 “(IV) a political party, or

4 “(ii) contains the likeness of such can-
5 didate or individual,

6 “(B) the name and address of any person
7 (in the case of an individual, including the occu-
8 pation and name of the employer of such indi-
9 vidual) to whom expenditures described in sub-
10 paragraph (A) are made in an aggregate
11 amount of \$500 or more during the calendar
12 year,

13 “(C) the name, occupation, annual salary,
14 and the name of the employer of an individual
15 who is employed by an organization described in
16 subsection (a)(2) or any member of the affili-
17 ated group of organizations with respect to such
18 organization (within the meaning of subsection
19 (a)(3)), if such individual spends more than 20
20 percent of their paid working hours during any
21 month in connection with a communication de-
22 scribed in subparagraph (A),

23 “(D) the name and address of any person
24 (in the case of an individual, including the occu-
25 pation and name of the employer of such indi-

1 vidual) which makes an aggregate amount of
2 contributions to such organization or any such
3 affiliated organization in an amount of \$200 or
4 more for the calendar year, and

5 “(E) the aggregate amount of membership
6 dues or fees received by such organization for
7 the reporting period.

8 Any expenditure, contribution, or other amount dis-
9 closed in a previous reporting period is not required
10 to be included in the current reporting period.

11 “(2) ITEMIZATION.—For purposes of paragraph
12 (1), information required to be reported shall be re-
13 ported in such detail and manner to allow a deter-
14 mination of the nature and purpose of such item,
15 including—

16 “(A) the identity of the candidate, indi-
17 vidual holding Federal office, or political party
18 mentioned in a communication or the identity
19 of such candidate or individual the likeness of
20 whom appears in the communication,

21 “(B) the purposes of such communication,
22 and

23 “(C) which organization or such related or-
24 ganization made such expenditure.

25 “(f) DEFINITIONS.—For purposes of this section—

1 “(1) CONTRIBUTION.—The term ‘contribution’
2 shall have the meaning given such term in section
3 271(b)(3), except such term shall not include any
4 amount received as a membership due or fee.

5 “(2) EXPENDITURE.—The term ‘expenditure’
6 shall have the same meaning given such term in sec-
7 tion 271(b)(4).

8 “(g) CONTRACT TO USE FUNDS.—For purposes of
9 this section, an organization shall be treated as having
10 made or received any contribution or expenditure if the
11 organization has otherwise obligated to make or receive
12 such contribution or expenditure.

13 “(h) COORDINATION WITH OTHER REQUIRE-
14 MENTS.—This section shall apply to any person in addi-
15 tion to any report required under the Federal Election
16 Campaign Act of 1971 (2 U.S.C. 431 et seq.).”.

17 (b) AVAILABILITY OF NOTICE BY IRS.—Section
18 6104(a) of the Internal Revenue Code of 1986, as amend-
19 ed by section 101(b)(2), is amended by adding at the end
20 the following new paragraph:

21 “(4) NOTICE INFORMATION AVAILABLE IN PER-
22 SON.—

23 “(A) IN GENERAL.—The Secretary shall
24 make publicly available at the offices of the In-
25 ternal Revenue Service—

1 “(i) a list of all organizations which
2 file a notice with the Secretary under sec-
3 tion 506(b), and

4 “(ii) the name, address, electronic
5 mailing list, custodian of records, and con-
6 tact person for such organization.

7 “(B) TIME TO MAKE INFORMATION AVAIL-
8 ABLE.—The Secretary shall make available the
9 information required under subparagraph (A)
10 not later than 10 business days after the Sec-
11 retary receives notice from an organization
12 under section 506(b).”.

13 (c) AVAILABILITY OF REPORTS.—

14 (1) BY THE ORGANIZATION.—Section
15 6104(d)(1)(A)(iii) of the Internal Revenue Code of
16 1986, as added by section 102(b)(1), is amended by
17 inserting “or section 506(c)” after “contributions”.

18 (2) DISCLOSURE OF CONTRIBUTORS AL-
19 LOWED.—Section 6104(d)(3)(A) of such Code, as
20 amended by section 102(b)(2), is amended by insert-
21 ing “or an organization described in section
22 506(a)(2)” after “527”.

23 (3) BY THE IRS.—Section 6104(d) of such
24 Code, as amended by section 102(b)(3), is amended
25 by adding at the end the following new paragraph:

1 section shall take effect on the date which is 60 days
2 after the date of the enactment of this section.

3 (2) ORGANIZATIONS ALREADY IN EXISTENCE.—

4 In the case of an organization established before the
5 date of enactment of this section, the time to file the
6 notice required under section 506(b) of the Internal
7 Revenue Code of 1986, as added by subsection (a),
8 shall be the later of—

9 (A) 30 days after the date of the enact-
10 ment of this section, or

11 (B) the date required under such section.

12 (3) SUBSECTION (a).—The amendment made
13 by subsection (a) shall apply to amounts disbursed
14 or received after the date of enactment of this sec-
15 tion, except that such amendment shall not apply to
16 amounts disbursed or received after such date pur-
17 suant to a contract entered into on or before such
18 date.

19 **SEC. 202. RANDOM AUDITS.**

20 The Secretary of the Treasury may conduct random
21 audits and investigations of any organization to ensure
22 compliance with this Act and the amendments made by
23 this Act.

1 **SEC. 203. NONSEVERABILITY.**

2 If any provision of or amendment made by this title,
3 or the application of any provision or amendment made
4 by this title to any person, is held to be invalid, all provi-
5 sions of and any amendments made by this title shall be
6 invalid.

Calendar No. 606

106TH CONGRESS
2D SESSION

S. 2742

A BILL

To amend the Internal Revenue Code of 1986 to increase disclosure for certain political organizations exempt from tax under section 527 and section 501(c), and for other purposes.

JUNE 16, 2000

Read the second time and placed on the calendar