

107TH CONGRESS
1ST SESSION

H. R. 3583

To amend the Internal Revenue Code of 1986 to provide that no organization providing support to terrorists or terrorist organizations shall be qualified for exemption from tax under section 501(a) of such Code.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 20, 2001

Mr. ISRAEL introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that no organization providing support to terrorists or terrorist organizations shall be qualified for exemption from tax under section 501(a) of such Code.

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 “Anti-Terrorism Char-
5 ity Protection Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) There are 1,230,000 charities, social welfare
2 organizations, and religious congregations in the
3 United States.

4 (2) Eighty-nine percent of Americans gave
5 money to charities in the United States during
6 2000.

7 (3) The average contributing household gave
8 \$1,620 to charities in 2000.

9 (4) Under the Internal Revenue Code of 1986,
10 taxpayers may deduct their charitable contributions
11 from their taxable income.

12 (5) The Federal tax exemption for charitable
13 contributions is an important incentive for people to
14 give to charities.

15 (6) Because of the tax benefits charities enjoy,
16 the Internal Revenue Code of 1986 provides that
17 only certain classes of organizations are eligible for
18 any tax benefits.

19 (7) The Internal Revenue Service carefully
20 scrutinizes those organizations that apply for tax-ex-
21 empt status and confers such status only upon those
22 organizations it deems to be in compliance with laws
23 and regulations.

1 (8) For many Americans, tax-exempt status
2 confers a nonlegal preferred status on organizations
3 that qualify for it.

4 (9) It is in the national security interest to keep
5 funding from terrorists and terrorist organizations.

6 (10) Tax-exempt status should not be available
7 to any organization that supports terrorists or ter-
8 rorist organizations.

9 **SEC. 3. PURPOSES.**

10 The purposes of this Act are—

11 (1) to ensure that no organization that supports
12 terrorists or terrorism has access to tax-exempt sta-
13 tus as provided for in the Internal Revenue Code of
14 1986; and

15 (2) to codify current Internal Revenue Service
16 practices that deny tax-exempt status to organiza-
17 tions that support terrorists or terrorism.

18 **SEC. 4. DENIAL OF TAX EXEMPTION FOR ORGANIZATIONS**
19 **PROVIDING SUPPORT TO TERRORISTS OR**
20 **TERRORIST ORGANIZATIONS.**

21 (a) IN GENERAL.—Section 501 of the Internal Rev-
22 enue Code of 1986 (relating to exemption from tax on cor-
23 porations, certain trusts, etc.) is amended by redesign-
24 ating subsection (p) as subsection (q) and by inserting
25 after subsection (o) the following new subsection:

1 “(p) DENIAL OF TAX EXEMPTION TO ORGANIZA-
2 TIONS PROVIDING SUPPORT FOR TERRORISTS.—

3 “(1) IN GENERAL.—In the case of any organi-
4 zation described in subsection (c), exemption from
5 taxation under subsection (a) shall be denied if any
6 funds of such organization are used to support, or
7 any activities of the organization consist of providing
8 support to, terrorists or terrorist organizations.

9 “(2) TERRORIST OR TERRORIST ORGANIZA-
10 TION.—For purposes of this subsection, the term
11 ‘terrorist or terrorist organization’ means any indi-
12 vidual or organization that carries out any terroristic
13 activity (as defined by section 692(c)(2)(A)).”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall take effect on the date of the enactment
16 of this Act.

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