

108TH CONGRESS  
2D SESSION

# H. R. 4938

To amend the Internal Revenue Code of 1986 to require disclosure of lobbying activities by certain organizations.

---

## IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2004

Mr. DOGGETT (for himself, Mr. ALLEN, Mr. BAIRD, Mr. BECERRA, Mr. BELL, Mrs. CAPPS, Mr. CARDIN, Ms. CARSON of Indiana, Mr. CASE, Mr. DAVIS of Illinois, Mr. DEFazio, Mr. DELAHUNT, Ms. DELAURO, Mr. EDWARDS, Mr. EVANS, Mr. FARR, Mr. FILNER, Mr. FRANK of Massachusetts, Mr. FROST, Mr. GONZALEZ, Mr. GREEN of Texas, Mr. GRIJALVA, Mr. HASTINGS of Florida, Mr. HOFFEL, Mr. HOLT, Mr. INSLEE, Mr. JEFFERSON, Mrs. JONES of Ohio, Ms. KAPTUR, Mr. KUCINICH, Ms. LEE, Mr. LEVIN, Mr. LEWIS of Georgia, Mrs. MALONEY, Mr. MARKEY, Mr. MATSUI, Mrs. MCCARTHY of New York, Ms. MCCARTHY of Missouri, Mr. McDERMOTT, Mr. MCGOVERN, Mr. McNULTY, Mr. GEORGE MILLER of California, Mrs. NAPOLITANO, Mr. NEAL of Massachusetts, Mr. POMEROY, Mr. RODRIGUEZ, Ms. ROYBAL-ALLARD, Mr. RYAN of Ohio, Mr. SANDERS, Ms. SCHAKOWSKY, Ms. SLAUGHTER, Ms. SOLIS, Mr. STARK, Mr. TANNER, Mr. TIERNEY, Mr. UDALL of New Mexico, Mr. WAXMAN, and Ms. WOOLSEY) 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 require disclosure of lobbying activities by certain organizations.

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.**

2       This Act may be cited as the “Stealth Lobbyist Dis-  
3 closure Act of 2004”.

4 **SEC. 2. DISCLOSURE OF LOBBYING ACTIVITIES BY CERTAIN**  
5 **ORGANIZATIONS.**

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

10       “(m) DISCLOSURE OF CERTAIN LOBBYING ACTIVI-  
11 TIES.—

12               “(1) IN GENERAL.—In the case of a coalition or  
13 association that is identified as a client on any reg-  
14 istration filed under section 4 of the Lobbying Dis-  
15 closure Act of 1995 and that is not a political orga-  
16 nization (determined without regard to this para-  
17 graph)—

18               “(A) such coalition or association shall be  
19 treated for purposes of this title as a separate  
20 entity which is a political organization, and

21               “(B) this section shall be applied to such  
22 coalition or association with the following modi-  
23 fications:

24               “(i) The function of conducting lob-  
25 bing activities (as defined in section 3(7)

1 of the Lobbying Disclosure Act of 1995)  
2 shall be treated as its exempt function.

3 “(ii) The specific deduction under  
4 subsection (c)(2)(A) shall not be allowed.

5 “(iii) Subparagraphs (C) and (D) of  
6 subsection (c)(3) shall not apply.

7 “(iv) The disclosure requirements of  
8 paragraph (2) shall apply in lieu of the re-  
9 quirements of subsections (i) and (j).

10 For purposes of subparagraph (B)(i), lobbying ac-  
11 tivities shall not include any activity described in  
12 subparagraph (C), (D), or (E) of section 4911(d)(2).

13 “(2) DISCLOSURE REQUIREMENTS.—

14 “(A) ESTABLISHMENT.—A coalition or as-  
15 sociation which is treated under paragraph (1)  
16 as a political organization shall notify the Sec-  
17 retary, electronically and in writing, of its exist-  
18 ence. Such notice shall be transmitted not later  
19 than 72 hours after a lobbyist first makes a  
20 lobbying contact (or, if earlier, is employed or  
21 retained to make a lobbying contact) on behalf  
22 of such coalition or association. For purposes of  
23 the preceding sentence, the terms ‘lobbyist’ and  
24 ‘lobbying contact’ have the respective meanings

1 given to such terms by section 3 of the Lob-  
2 bying Disclosure Act of 1995.

3 “(B) CHANGE IN MEMBERSHIP.—A coali-  
4 tion or association which is required to provide  
5 a notice to the Secretary under paragraph (1)  
6 shall also notify the Secretary, electronically  
7 and in writing, of any change in its membership  
8 since its prior required notice under this para-  
9 graph. Such notice shall be transmitted not  
10 later than 72 hours after the date of the mem-  
11 bership change.

12 “(3) CONTENTS OF NOTICE.—

13 “(A) INITIAL NOTICE.—Each notice re-  
14 quired under paragraph (2)(A) shall include in-  
15 formation regarding—

16 “(i) the name, address, business tele-  
17 phone number, and principal place of busi-  
18 ness of each of the members of the coali-  
19 tion or association,

20 “(ii) a general description of the busi-  
21 ness or activities of each of such members,  
22 and

23 “(iii) the amount reasonably expected  
24 to be contributed by each of such members

1           toward the activities of the coalition or as-  
2           sociation of influencing legislation.

3           “(B) NOTICE OF MEMBERSHIP CHANGE.—

4           Each notice required under paragraph (2)(B)  
5           shall include—

6                   “(i) if the notice relates to a new  
7                   member of the coalition or association, the  
8                   information described in subparagraph (A)  
9                   with respect to such new member, and

10                   “(ii) if the notice relates to the ces-  
11                   sation of a person’s membership, the name  
12                   of such person.

13           “(4) EFFECT OF FAILURE.—

14                   “(A) IN GENERAL.—In the case of—

15                           “(i) a failure to give the notice re-  
16                           quired under paragraph (2) at the time  
17                           and in the manner prescribed therefor, or

18                           “(ii) a failure to include any of the in-  
19                           formation required to be included in such  
20                           notice or to show the correct information,  
21           there shall be paid by the coalition or associa-  
22           tion an amount equal to the rate of tax speci-  
23           fied in subsection (b)(1) multiplied by the  
24           amount involved.

1           “(B) AMOUNT INVOLVED.—For purposes  
2 of subparagraph (A), the amount involved with  
3 respect to any failure is—

4           “(i) in the case of a failure to file the  
5 notice under paragraph (2)(A) at the time  
6 and in the manner prescribed therefor, the  
7 amount which is reasonably expected to be  
8 paid by the coalition or association or its  
9 members to the person filing the registra-  
10 tion statement, and

11           “(ii) in the case of a failure to include  
12 any of the information required to be in-  
13 cluded in such notice, or to show the cor-  
14 rect information, with respect to any mem-  
15 ber, the amount reasonably expected to be  
16 contributed by such member toward the  
17 activities of the coalition or association of  
18 influencing legislation.

19           “(C) JOINT AND SEVERAL LIABILITY.—All  
20 members of the coalition or association shall be  
21 jointly and severally liable under this paragraph  
22 for any failure.

23           “(D) PROCEDURES FOR ASSESSMENT AND  
24 COLLECTION OF PENALTY.—For purposes of  
25 subtitle F, the penalty imposed by this para-

1 graph shall be assessed and collected in the  
2 same manner as penalties imposed by section  
3 6652(c).

4 “(5) EXCEPTION FOR CERTAIN TAX-EXEMPT  
5 ASSOCIATIONS.—This subsection shall not apply to  
6 any association—

7 “(A) which is described in section  
8 501(c)(3) and exempt from tax under section  
9 501(a), or

10 “(B)(i) which is described in any other  
11 paragraph of section 501(c) and exempt from  
12 tax under section 501(a), and

13 “(ii) which has substantial exempt activi-  
14 ties other than lobbying with respect to the spe-  
15 cific issue for which it engaged the person filing  
16 the registration statement under section 4 of  
17 the Lobbying Disclosure Act of 1995.

18 The preceding sentence shall not apply to any asso-  
19 ciation formed or availed of to avoid the purposes of  
20 this subsection.

21 “(6) EXCEPTION FROM DISCLOSURE FOR CER-  
22 TAIN MEMBERS.—

23 “(A) IN GENERAL.—Information on a  
24 member of a coalition or association need not  
25 be included in any notice under paragraph (3)

1 if the amount referred to in paragraph  
2 (3)(A)(iii) with respect to such member is less  
3 than \$2,000 per year.

4 “(B) EXPENDITURES IN EXCESS OF EX-  
5 PECTED AMOUNT.—If—

6 “(i) information on a member of a co-  
7 alition or association is not included in any  
8 notice by reason of subparagraph (A), and

9 “(ii) the amount contributed by such  
10 member toward the activities of the coali-  
11 tion or association of influencing legislation  
12 exceeds \$2,200 per year,

13 such member shall be treated for purposes of  
14 this subsection as a new member of such coali-  
15 tion or association as of the earliest date that  
16 clause (ii) is met.

17 “(7) LOOK-THRU RULES.—In the case of a coa-  
18 lition or association which is treated as a political  
19 organization under paragraph (1)—

20 “(A) such coalition or association shall be  
21 treated as employing or retaining other persons  
22 to conduct lobbying activities for purposes of  
23 determining whether any individual member  
24 thereof is treated as a political organization  
25 under paragraph (1), and



1           “(B) information on such coalition or asso-  
2           ciation need not be included in any notice under  
3           paragraph (2) of the coalition or association  
4           with respect to which it is treated as a political  
5           organization under paragraph (1).”.

6           (b) PUBLIC DISCLOSURE OF NOTICES.—

7           (1) IN GENERAL.—Paragraph (1) of section  
8           527(k) of such Code is amended by inserting “or  
9           (m)(2)” after “(i)(1)”.

10          (2) ACCESS.—Paragaraph (2) of section 527(k)  
11          of such Code is amended by inserting after subpara-  
12          graph (G) the following new subparagraph:

13               “(H) The organizations which file a notice  
14               under subsection (m).”.

15          (c) EFFECTIVE DATE.—

16          (1) IN GENERAL.—The amendments made by  
17          this section shall apply to—

18               (A) coalitions and associations listed on  
19               registration statements filed under section 4 of  
20               the Lobbying Disclosure Act of 1995 after the  
21               date of the enactment of this Act, and

22               (B) coalitions and associations for whom  
23               any lobbying contact is made after the date of  
24               the enactment of this Act.

1           (2) SPECIAL RULE.—In the case of any coali-  
2       tion or association to which the amendments made  
3       by this Act apply by reason of paragraph (1)(B), the  
4       time to file the notice under section 527(k)(2) of the  
5       Internal Revenue Code of 1986, as added by this  
6       section, shall be 30 days after the date of the enact-  
7       ment of this section.

○