

Calendar No. 312

113TH CONGRESS
2D SESSION**S. 2067**

To prohibit the Department of the Treasury from assigning tax statuses
to organizations based on their political beliefs and activities.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 27, 2014

Mr. CRUZ (for himself and Mr. GRASSLEY) introduced the following bill; which
was read the first time

MARCH 3, 2014

Read the second time and placed on the calendar

A BILL

To prohibit the Department of the Treasury from assigning
tax statuses to organizations based on their political be-
liefs and activities.

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. PROHIBITING TAX STATUS FROM BEING AS-**
4 **SIGNED BASED ON POLITICAL BELIEFS AND**
5 **ACTIVITIES.**

6 (a) FINDINGS.—Congress finds the following:

1 (1) The income tax system of the United States
2 relies on voluntary compliance by taxpayers.

3 (2) The filing of tax returns and other tax-re-
4 lated documents with the Internal Revenue Service
5 often requires the submission of information to the
6 Federal government that taxpayers would otherwise
7 consider private.

8 (3) To ensure widespread voluntary compliance
9 by taxpayers, the American public must have abso-
10 lute trust that the Internal Revenue Service is acting
11 in a non-partisan manner.

12 (4) Taxpayers must be ensured that their treat-
13 ment by the Internal Revenue Service will not be
14 based on race, national origin, gender, sexual ori-
15 entation, religious beliefs, or political creed, includ-
16 ing their support for or opposition to any govern-
17 ment policies.

18 (5) The confidence of taxpayers in the system
19 of taxation in the United States is compromised
20 when the Internal Revenue Service is required to as-
21 sign tax treatment based on political beliefs or ac-
22 tivities.

23 (6) The targeting of certain individuals and
24 groups by the Internal Revenue Services based on
25 their political beliefs and activities must be stopped,

1 and to ensure the integrity of the income tax system
2 of the United States, the Internal Revenue Service
3 should be removed from evaluating the political ac-
4 tivities of any individuals or organizations.

5 (b) POLITICAL ORGANIZATIONS.—Paragraph (1) of
6 section 527(e) of the Internal Revenue Code of 1986 is
7 amended to read as follows:

8 “(1) POLITICAL ORGANIZATION.—The term ‘po-
9 litical organization’ means a party, committee, asso-
10 ciation, fund, or other organization (whether or not
11 incorporated)—

12 “(A) which is registered as a political com-
13 mittee with the Federal Election Commission,

14 “(B) has been determined, pursuant to
15 proceedings under section 309 of the Federal
16 Election Campaign Act of 1971 (2 U.S.C.
17 437g) or by a court of law, to be a political
18 committee, as defined under section 301(4) of
19 such Act (2 U.S.C. 431(4)), or

20 “(C) which is organized and operated pri-
21 marily for the purposes of directly or indirectly
22 accepting contributions or making expenditures,
23 or both, for influencing or attempting to influ-
24 ence the selection, nomination, election, or ap-

pointment of any individual to any State or
local public office and—

“(i) is not required to register with
the Federal Election Commission, and

“(ii) is required to register with the
appropriate State agency as a political
committee.”.

(c) TAX-EXEMPT ORGANIZATIONS.—Section 501 of
such Code is amended—

(1) by redesignating subsection (s) as sub-
section (t), and

(2) by inserting after subsection (r) the fol-
lowing new subsection:

“(s) PROMOTION OF SOCIAL WELFARE.—

“(1) IN GENERAL.—For purposes of paragraph
(4)(A) of subsection (c), the term ‘promotion of so-
cial welfare’ shall include—

“(A) any political activity in furtherance of
American democracy, provided that such activi-
ties do not exceed 50 percent of the organiza-
tion’s total activities (not including activities
performed on a volunteer basis),

“(B) any activities for the purpose of edu-
cating individuals on issues of public impor-
tance and on the behavior of public officials, in-

1 including participation in ballot initiatives and
2 referenda, and

3 “(C) any activity described in clauses (i),
4 (ii), (iii), and (v) of section 301(9)(B) of the
5 Federal Election Campaign Act of 1971 (2
6 U.S.C. 431(9)(B)).

7 “(2) POLITICAL ACTIVITY IN FURTHERANCE OF
8 AMERICAN DEMOCRACY.—For purposes of this sub-
9 section, the term ‘political activity in furtherance of
10 American democracy’ shall include any activity de-
11 scribed in subparagraph (A) of section 301(9) of the
12 Federal Election Campaign Act of 1971 (2 U.S.C.
13 431(9)).

14 “(3) RULE OF CONSTRUCTION.—Nothing in
15 this subsection shall be construed to exempt an or-
16 ganization from satisfying any applicable require-
17 ments for filing as a political committee pursuant to
18 the Federal Election Campaign Act of 1971 (2
19 U.S.C. 431 et seq.).”.

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