

Mr. ROSKAM. Mr. Speaker, I thank the chairman for yielding.

This is a classic example of the IRS basically putting the American taxpayers in a nice little cul de sac. They would come in; you would have a process, and they would review something and so forth and so on.

Then rather than moving you through where you could get a disposition, rather than moving you through to where you could get an answer, rather than moving you through so you knew that there was somebody unbiased that was looking at something, they essentially moved you into a cul de sac and just kind of let you walk around the neighborhood for a while and not particularly caring about the disposition of this.

□ 1430

I want to say, Mr. Speaker, these bills that we are discussing today, many of them were authored and have been highlighted and brainstormed by Dr. CHARLES BOUSTANY, the former chairman of the Oversight Subcommittee. And now, on a bipartisan basis, folks have come together.

So I want to congratulate Mr. MEEHAN for the procedure by which this has now been expedited and the expectation that people will be fairly considered and fairly reviewed and that they won't be stuck in a cul-de-sac with no way out.

Mr. LEWIS. Mr. Speaker, I yield back the balance of my time.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield the balance of my time to the gentleman from Pennsylvania (Mr. MEEHAN) for the purpose of closing.

Mr. MEEHAN. Mr. Speaker, I think the point has been made very articulately by all of the speakers who have talked about what really is a fundamental and simple issue, which is the right to appeal to your government.

What concerned me the most when we began to look at what occurred with the IRS conduct in the context of the applications by the organizations which were denied based on their perceived political views or religious views, that the process for these particular applicants was changed; that it went to a different division, where, as my colleague from Illinois identified, it went to die in the cul-de-sac.

So this is a question of fundamental fairness, that every American taxpayer should have the right to be treated equally. That is all we are asking for here, fundamental, equal treatment, and the right, when you disagree with the decision by an IRS administrative official, to have somebody else question that decision.

That is fundamental. It is simple. It is basic American, and I am very proud that we have colleagues from both sides of the aisle who have joined together to petition to assure that that right is codified into law. That is what we accomplish today.

I am grateful for the support of all of my colleagues and the leadership of the

chairman of the subcommittee, who has been helping to bring to light these abuses. I urge my colleagues to support the legislation.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. RYAN) that the House suspend the rules and pass the bill, H.R. 1314, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

IRS BUREAUCRACY REDUCTION AND JUDICIAL REVIEW ACT

Mr. RYAN of Wisconsin. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1295) to amend the Internal Revenue Code of 1986 to improve the process for making determinations with respect to whether organizations are exempt from taxation under section 501(c)(4) of such Code, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1295

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "IRS Bureaucracy Reduction and Judicial Review Act".

SEC. 2. ORGANIZATIONS REQUIRED TO NOTIFY SECRETARY OF INTENT TO OPERATE AS 501(c)(4).

(a) IN GENERAL.—Part I of subchapter F of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 506. ORGANIZATIONS REQUIRED TO NOTIFY SECRETARY OF INTENT TO OPERATE AS 501(c)(4).

"(a) IN GENERAL.—An organization described in section 501(c)(4) shall, not later than 60 days after the organization is established, notify the Secretary (in such manner as the Secretary shall by regulation prescribe) that it is operating as such.

"(b) CONTENTS OF NOTICE.—The notice required under subsection (a) shall include the following information:

"(1) The name, address, and taxpayer identification number of the organization.

"(2) The date on which, and the State under the laws of which, the organization was organized.

"(3) A statement of the purpose of the organization.

"(c) ACKNOWLEDGMENT OF RECEIPT.—Not later than 60 days after receipt of such a notice, the Secretary shall send to the organization an acknowledgment of such receipt.

"(d) EXTENSION FOR REASONABLE CAUSE.—The Secretary may, for reasonable cause, extend the 60-day period described in subsection (a).

"(e) USER FEE.—The Secretary shall impose a reasonable user fee for submission of the notice under subsection (a).

"(f) REQUEST FOR DETERMINATION.—Upon request by an organization to be treated as an organization described in section 501(c)(4), the Secretary may issue a determination with respect to such treatment. Such request shall be treated for purposes of section 6104 as an application for exemption from taxation under section 501(a)."

(b) SUPPORTING INFORMATION WITH FIRST RETURN.—Section 6033(f) of such Code is amended—

(1) by striking the period at the end and inserting ", and",

(2) by striking "include on the return required under subsection (a) the information" and inserting the following: "include on the return required under subsection (a)—

"(1) the information", and

(3) by adding at the end the following new paragraph:

"(2) in the case of the first such return filed by such an organization after submitting a notice to the Secretary under section 506(a), such information as the Secretary shall by regulation require in support of the organization's treatment as an organization described in section 501(c)(4)."

(c) FAILURE TO FILE INITIAL NOTIFICATION.—Section 6652(c) of such Code is amended by redesignating paragraphs (4), (5), and (6) as paragraphs (5), (6), and (7), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) NOTICES UNDER SECTION 506.—

"(A) PENALTY ON ORGANIZATION.—In the case of a failure to submit a notice required under section 506(a) (relating to organizations required to notify Secretary of intent to operate as 501(c)(4)) on the date and in the manner prescribed therefor, there shall be paid by the organization failing to so submit \$20 for each day during which such failure continues, but the total amount imposed under this subparagraph on any organization for failure to submit any one notice shall not exceed \$5,000.

"(B) MANAGERS.—The Secretary may make written demand on an organization subject to penalty under subparagraph (A) specifying in such demand a reasonable future date by which the notice shall be submitted for purposes of this subparagraph. If such notice is not submitted on or before such date, there shall be paid by the person failing to so submit \$20 for each day after the expiration of the time specified in the written demand during which such failure continues, but the total amount imposed under this subparagraph on all persons for failure to submit any one notice shall not exceed \$5,000."

(d) CLERICAL AMENDMENT.—The table of sections for part I of subchapter F of chapter 1 of such Code is amended by adding at the end the following new item:

"Sec. 506. Organizations required to notify Secretary of intent to operate as 501(c)(4)."

(e) LIMITATION.—Notwithstanding any other provision of law, any fees collected pursuant to section 506(e) of the Internal Revenue Code of 1986, as added by subsection (a), shall not be expended by the Secretary of the Treasury or the Secretary's delegate unless provided by an appropriations Act.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to organizations which are described in section 501(c)(4) of the Internal Revenue Code of 1986 and organized after the date of the enactment of this Act.

(2) CERTAIN EXISTING ORGANIZATIONS.—In the case of any other organization described in section 501(c)(4) of such Code, the amendments made by this section shall apply to such organization only if, on or before the date of the enactment of this Act—

(A) such organization has not applied for a written determination of recognition as an organization described in section 501(c)(4) of such Code, and

(B) such organization has not filed at least one annual return or notice required under subsection (a)(1) or (i) (as the case may be) of section 6033 of such Code.

In the case of any organization to which the amendments made by this section apply by reason of the preceding sentence, such organization

shall submit the notice required by section 506(a) of such Code, as added by this Act, not later than 180 days after the date of the enactment of this Act.

SEC. 3. DECLARATORY JUDGMENTS FOR 501(c)(4) ORGANIZATIONS.

(a) *IN GENERAL.*—Section 7428(a)(1) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of subparagraph (C) and by inserting after subparagraph (D) the following new subparagraph:

“(E) with respect to the initial classification or continuing classification of an organization described in section 501(c)(4) which is exempt from tax under section 501(a), or”.

(b) *EFFECTIVE DATE.*—The amendments made by this section shall apply to pleadings filed after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. RYAN) and the gentleman from Georgia (Mr. LEWIS) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin.

GENERAL LEAVE

Mr. RYAN of Wisconsin. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1295, currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. RYAN of Wisconsin. Mr. Speaker, I would like to thank Mr. HOLDING for bringing this bill to the floor, bringing it through committee.

I would like to thank the ranking member from Georgia as well for his support.

Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. HOLDING) for the purpose of describing his bill.

Mr. HOLDING. Mr. Speaker, I thank the chairman.

H.R. 1295, the IRS Bureaucracy Reduction and Judicial Review Act, has two simple goals. First, it will provide newly formed 501(c)(4) organizations with a mandatory yet simple process for registering with the IRS. Within 60 days of establishment, a new 501(c)(4) will be required to provide notice of formation and intent to the IRS. The IRS, in return, must issue an acknowledgement of receipt to the notifying organization.

Second, this legislation would offer 501(c)(4)s the ability to seek judicial review should the IRS deny their application for recognition, fail to act on the application, or inform an organization that it is considering revoking or adversely modifying its tax-exempt status. This would be conducted under the 7428 declaratory judgment procedure that is currently afforded to other tax-exempt organizations.

Mr. Speaker, it is important to note that this legislation does not change the requirement for 501(c)(4)s to file an annual 990 or alter any of the other reporting requirements currently mandated for 501(c)(4)s.

Now, thanks to the efforts of Chairman ROSKAM of the Oversight Subcommittee, leading a team of us, we know that last year the IRS spent nearly 10,000 hours reviewing 501(c)(4)s. So this legislation before us would simplify the review process for the IRS and allow them to better focus their resources on the thousands—thousands, Mr. Speaker—of 501(c)(3) applications which are outstanding and languishing for review.

So I urge the support of this bill, and I thank the chairman.

Mr. LEWIS. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, I rise in support of H.R. 1295. I support the improvements the bill makes to the taxpayers' exempt process for social welfare organizations.

Under current law, social welfare organizations are not required to file for tax-exempt status with the Internal Revenue Service, although many organizations do apply for greater certainty. From 2009 to 2012, the number of social welfare organizations applying for tax-exempt status nearly doubled, from 1,800 to 3,400 requests.

But for an organization that simply starts operating as a social welfare organization without applying for tax exemption, the agency does not have any information on the organization until it files its annual information return. This return, known as Form 990, may not be due until more than a year after the organization has already been operating.

This bill, which I think is a good bill, is a commonsense bill, requires all social welfare organizations to file a notice of formation with the agency no later than 60 days after the organization is established. The intent is to provide the agency with certain key information.

I believe this bill could have done more. Currently, social welfare organizations are permitted to engage in political campaigns. However, an organization's primary work cannot be engaging in political activities.

I am concerned that the information required to be provided to the agency under this bill, and in the first annual information return, may not be sufficient. It is important that the agency can clearly identify all cases in which the organizations engage in an inappropriate amount of political activity.

To address this concern, the bill should require these organizations to indicate whether they engage or intend to engage in political activity.

Although this bill does not go far enough, I support the improvement it makes. I urge all of my colleagues on both sides of the aisle to vote “yes” for H.R. 1295.

Mr. Speaker, I reserve the balance of my time.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. ROSKAM), the chairman of the subcommittee.

Mr. ROSKAM. Mr. Speaker, I thank Chairman RYAN for yielding.

Congressman HOLDING's idea is a great idea, and we should enact it with dispatch and get it done with. And the reason is, according to the IRS, their 2014 data book—this is published by the Internal Revenue Service—they have said that they have spent 10,000 hours reviewing 4,000 applications for 501(c)(4) organizations, which sounds sort of interesting.

Except there is a plot trap. And you know what the plot trap is? They only said “no” to eight of them.

So, said another way, the way PETER ROSKAM thinks about the world, that is 10,000 hours of a complete waste of time. That is 10,000 hours from an organization that is saying, Oh, we are just begging for mercy, and we are not able to meet these claims, and we are not able to make these calls.

Now, I have got an email here that the Commissioner sent out to all the IRS employees at the beginning of this year. It is January 13, 2015. And you know how normally, around a dinner table, when people say, Hey, you know, it is getting really tough out there. We are going to have to do what? We are going to have to do more with less.

That is what we do, as Americans, don't we? We do more with less. That is who we are as a people.

But that is not the Internal Revenue Service. Oh, no, no, no, no, no. They don't disappoint. You know what the Internal Revenue Service says?

We are going to do less with less. We are going to do less with less.

So this is an organization, now, that has spent 10,000 hours of taxpayer time, completely squandering it. Stay tuned next week, and come to the Oversight Subcommittee, where you are not going to be disappointed when you learn more things about the IRS budget and some of the things that we are going to be discussing.

But my point is this: Representative HOLDING's concept says, this is a complete waste of time. Let's clean this up. Let's free up 10,000 hours so that we can do more with less and reject the IRS notion that the best that they can do is to do less with less.

Mr. LEWIS. Mr. Speaker, I yield back the balance of my time.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield the balance of my time to the gentleman from North Carolina (Mr. HOLDING) for the purpose of closing on his bill.

Mr. HOLDING. Mr. Speaker, I want to thank the distinguished gentleman from Georgia for the support of this bill.

I thank the chairman, Mr. ROSKAM, of the subcommittee, for the support of this bill because, by streamlining the registration process for newly formed 501(c)(4)s with the IRS and providing them with the ability to seek judicial review similar to such review that other tax-exempt organizations have, we can have a process, Mr. Speaker, that is both simpler and fairer for the folks who want to get involved in their communities and across the Nation.

Civic engagement should not require jumping over hurdles or a long, drawn-out review process by the IRS. If you play by the rules, the IRS should not be a hindrance to your activities.

So, once again, I urge support of this bill.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. RYAN) that the House suspend the rules and pass the bill, H.R. 1295, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

PREVENT TARGETING AT THE IRS ACT

Mr. RYAN of Wisconsin. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 709) to provide for the termination of employment of employees of the Internal Revenue Service who take certain official actions for political purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 709

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Prevent Targeting at the IRS Act".

SEC. 2. TERMINATION OF EMPLOYMENT OF INTERNAL REVENUE SERVICE EMPLOYEES FOR TAKING OFFICIAL ACTIONS FOR POLITICAL PURPOSES.

(a) *IN GENERAL.*—Paragraph (10) of section 1203(b) of the Internal Revenue Service Restructuring and Reform Act of 1998 is amended to read as follows:

"(10) performing, delaying, or failing to perform (or threatening to perform, delay, or fail to perform) any official action (including any audit) with respect to a taxpayer for purpose of extracting personal gain or benefit or for a political purpose."

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

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. RYAN) and the gentleman from Georgia (Mr. LEWIS) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin.

GENERAL LEAVE

Mr. RYAN of Wisconsin. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 709, currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield such time as he may consume to

the gentleman from Ohio (Mr. RENACCI) to describe the contents of his bill, and thank Mr. RENACCI for bringing this issue to our attention, for crafting this legislation, for moving it through committee on a bipartisan basis.

□ 1445

Mr. RENACCI. I thank the chairman.

Mr. Speaker, I rise today to urge approval of H.R. 709, the Prevent Targeting at the IRS Act.

This bipartisan legislation has over 50 cosponsors and actually passed by voice vote in a previous Congress. I think the overwhelming support for this legislation shows that the vast majority of Members, regardless of their party affiliation, believe the IRS should be above politics.

Congress has already acted to create a list of fireable offenses at the IRS. In 1998, the IRS Restructuring and Reform Act passed by a vote of 402–8. It sought to bring accountability to the IRS by allowing for the immediate termination of IRS employees who engage in the so-called "10 deadly sins" against taxpayers. Many of the Members in Congress today supported those reforms back then.

Unfortunately, while that legislation covers many offenses, it did not include political targeting. I have no doubt this was a simple oversight.

This is not a partisan issue. I cannot imagine any Member would support a process for removing an employee for bad behavior but somehow not consider political targeting to be a bad enough behavior. It is absolutely unacceptable for a government official to consider the political leanings of any taxpayer when conducting official business. If a Federal employee engages in political targeting, that employee should be fired. It is that simple.

My legislation will make sure of it. It specifically spells out that any IRS employee, regardless of political affiliation, who targets a taxpayer for political purposes will immediately be relieved of his or her duties. If you work for the IRS, you cannot target taxpayers for political purposes. There should be no controversy in that.

This legislation does not change any of the procedures for removing an IRS agent. It just adds "political targeting" to the list of the 10 deadly sins already in existence.

Though it has been nearly 2 years since we learned that the IRS targeted individuals based on their political beliefs, the American public's lack of trust in this Federal agency remains—and rightly so. Political targeting contradicts the very principles this country was founded upon, and there is no room for it in our democracy. It will not be tolerated.

The IRS needs this legislation; the entire Federal Government needs this legislation; and, most importantly, the American people need this legislation. They need to know that they will not be targeted by their government for political purposes. They need to know

that those who are entrusted with the vast power of the Federal Government will act in a responsible and professional manner and will be reprimanded if they don't. They need to know that the government is accountable to them and not the other way around.

I urge all Members to support this commonsense legislation.

Mr. LEWIS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 709. This legislation removes certain protections that are otherwise available to Federal employees if an employee conducts his or her official duties with the intent to extract personal gain or for a political purpose.

H.R. 709 responds to the investigation into the processing of tax-exempt applications. This investigation started nearly 2 years ago, in May of 2013. To date, the agency has spent more than \$20 million to produce more than 1.3 million pages of documents, including 78,000 emails from Lois Lerner.

Mr. Speaker, to date, there has not been one shred of evidence produced to support the Republican claim that the processing of applications was politically motivated or intended to target the President's political enemies.

The inspector general even stated that no one outside the agency was involved in setting the criteria for processing tax-exempt applications. The delays experienced by groups were the result of incompetence at the agency in the Exempt Organizations Division.

I urge all of my colleagues on both sides of the aisle to vote "yes" for H.R. 709.

Mr. Speaker, I reserve the balance of my time.

Mr. RYAN of Wisconsin. At this time, I yield 2 minutes to the gentleman from Kansas (Mr. HUELSKAMP).

Mr. HUELSKAMP. Mr. Speaker, I thank the chairman, and I appreciate my colleague from Ohio bringing forth this important legislation.

"If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary." James Madison wrote these words 227 years ago in his 51st Federalist Paper. It is an elegant way of expressing an ugly truth, that a government of the people cannot always be trusted to do right by the people and, thus, must hold itself in check for the sake of the people.

When Madison penned the Federalist Papers, it was with a fresh view of what the British Parliament did to exert government control over the lives of the colonists, leading to the famous Boston Tea Party and, ultimately, a revolution.

The targeted discrimination and unfair treatment of conservative organizations with the words "Tea Party" and others in their names that took place at the IRS under the direction of Lois Lerner shows what happens when government no longer feels accountable to the people and when the Constitution becomes simply a list of suggestions. Agencies can then become a