

114TH CONGRESS  
1ST SESSION

# H. R. 1295

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## AN ACT

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.

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 “IRS Bureaucracy Re-  
3 duction and Judicial Review Act”.

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

6 (a) IN GENERAL.—Part I of subchapter F of chapter  
7 1 of the Internal Revenue Code of 1986 is amended by  
8 adding at the end the following new section:

9 **“SEC. 506. ORGANIZATIONS REQUIRED TO NOTIFY SEC-**  
10 **RETARY OF INTENT TO OPERATE AS 501(c)(4).**

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

16 “(b) CONTENTS OF NOTICE.—The notice required  
17 under subsection (a) shall include the following informa-  
18 tion:

19 “(1) The name, address, and taxpayer identi-  
20 fication number of the organization.

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

23 “(3) A statement of the purpose of the organi-  
24 zation.

25 “(c) ACKNOWLEDGMENT OF RECEIPT.—Not later  
26 than 60 days after receipt of such a notice, the Secretary

1 shall send to the organization an acknowledgment of such  
2 receipt.

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

6 “(e) USER FEE.—The Secretary shall impose a rea-  
7 sonable user fee for submission of the notice under sub-  
8 section (a).

9 “(f) REQUEST FOR DETERMINATION.—Upon request  
10 by an organization to be treated as an organization de-  
11 scribed in section 501(c)(4), the Secretary may issue a de-  
12 termination with respect to such treatment. Such request  
13 shall be treated for purposes of section 6104 as an applica-  
14 tion for exemption from taxation under section 501(a).”.

15 (b) SUPPORTING INFORMATION WITH FIRST RE-  
16 TURN.—Section 6033(f) of such Code is amended—

17 (1) by striking the period at the end and insert-  
18 ing “, and”,

19 (2) by striking “include on the return required  
20 under subsection (a) the information” and inserting  
21 the following: “include on the return required under  
22 subsection (a)—

23 “(1) the information”, and

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

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

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

12           “(4) NOTICES UNDER SECTION 506.—

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

24                   “(B) MANAGERS.—The Secretary may  
25                   make written demand on an organization sub-

1           ject to penalty under subparagraph (A) speci-  
2           fying in such demand a reasonable future date  
3           by which the notice shall be submitted for pur-  
4           poses of this subparagraph. If such notice is not  
5           submitted on or before such date, there shall be  
6           paid by the person failing to so submit \$20 for  
7           each day after the expiration of the time speci-  
8           fied in the written demand during which such  
9           failure continues, but the total amount imposed  
10          under this subparagraph on all persons for fail-  
11          ure to submit any one notice shall not exceed  
12          \$5,000.”.

13          (d) CLERICAL AMENDMENT.—The table of sections  
14          for part I of subchapter F of chapter 1 of such Code is  
15          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).”.

16          (e) LIMITATION.—Notwithstanding any other provi-  
17          sion of law, any fees collected pursuant to section 506(e)  
18          of the Internal Revenue Code of 1986, as added by sub-  
19          section (a), shall not be expended by the Secretary of the  
20          Treasury or the Secretary’s delegate unless provided by  
21          an appropriations Act.

22          (f) EFFECTIVE DATE.—

23                  (1) IN GENERAL.—The amendments made by  
24          this section shall apply to organizations which are

1 described in section 501(c)(4) of the Internal Rev-  
2 enue Code of 1986 and organized after the date of  
3 the enactment of this Act.

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

10 (A) such organization has not applied for  
11 a written determination of recognition as an or-  
12 ganization described in section 501(c)(4) of  
13 such Code, and

14 (B) such organization has not filed at least  
15 one annual return or notice required under sub-  
16 section (a)(1) or (i) (as the case may be) of sec-  
17 tion 6033 of such Code.

18 In the case of any organization to which the amend-  
19 ments made by this section apply by reason of the  
20 preceding sentence, such organization shall submit  
21 the notice required by section 506(a) of such Code,  
22 as added by this Act, not later than 180 days after  
23 the date of the enactment of this Act.

1 **SEC. 3. DECLARATORY JUDGMENTS FOR 501(c)(4) ORGANI-**  
2 **ZATIONS.**

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

7 “(E) with respect to the initial classifica-  
8 tion or continuing classification of an organiza-  
9 tion described in section 501(c)(4) which is ex-  
10 empt from tax under section 501(a), or”.

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

Passed the House of Representatives April 15, 2015.

Attest:

*Clerk.*

114<sup>TH</sup> CONGRESS  
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