

106TH CONGRESS
2D SESSION

H. R. 5277

To amend the Internal Revenue Code of 1986 to avoid duplicate reporting of information on political activities of certain State and local political organizations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 2000

Mr. DOGGETT (for himself, Mr. STARK, Mr. MATSUI, Mr. LEVIN, Mr. CARDIN, Mr. McDERMOTT, Mr. LEWIS of Georgia, Mr. NEAL of Massachusetts, Mr. McNULTY, Mr. MOORE, Mr. FARR of California, Mr. TIERNEY, Mr. LANTOS, Mrs. THURMAN, Mr. OLVER, Mr. NADLER, Mr. GREEN of Texas, Mr. BENTSEN, Mr. CROWLEY, Mr. WEINER, and Ms. SLAUGHTER) 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 avoid duplicate reporting of information on political activities of certain State and local political organizations, and for other purposes.

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. MODIFICATION OF REPORTING OF POLITICAL**
4 **ACTIVITIES.**

5 (a) **REQUIRED NOTIFICATION OF STATUS AS SEC-**
6 **TION 527 ORGANIZATION NOT TO APPLY TO CERTAIN**

1 STATE AND LOCAL POLITICAL ORGANIZATIONS.—Sub-
2 section (i) of section 527 of the Internal Revenue Code
3 of 1986 (relating to organizations which must notify Sec-
4 retary that they are section 527 organizations) is amended
5 by adding at the end the following new paragraph:

6 “(7) EXCEPTION FOR STATE AND LOCAL POLIT-
7 ICAL ORGANIZATIONS.—This subsection shall not
8 apply to any organization if—

9 “(A) such organization is organized and
10 operated exclusively for the purpose of influ-
11 encing or attempting to influence the selection,
12 nomination, election, or appointment of any in-
13 dividual to any State or local public office, and

14 “(B) such organization is required to make
15 a filing, which is publicly available, with a State
16 agency containing substantially the same infor-
17 mation as is required under this subsection.”

18 (b) CERTAIN STATE AND LOCAL POLITICAL ORGANI-
19 ZATIONS NOT REQUIRED TO FILE DUPLICATIVE RE-
20 PORTS.—Subsection (j) of section 527 of such Code (relat-
21 ing to required disclosure of expenditures and contribu-
22 tions) is amended by redesignating paragraph (6) as para-
23 graph (7) and by inserting after paragraph (5) the fol-
24 lowing new paragraph:

1 “(6) EXCEPTION FOR STATE AND LOCAL POLIT-
2 ICAL ORGANIZATIONS.—This subsection shall not
3 apply to any organization for any period—

4 “(A) such organization is organized and
5 operated exclusively for the purpose of influ-
6 encing or attempting to influence the selection,
7 nomination, election, or appointment of any in-
8 dividual to any State or local public office, and

9 “(B) such organization is required to make
10 a filing for such period, which is publicly avail-
11 able, with a State agency containing substan-
12 tially the same information as is required under
13 this subsection.”

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall take effect as if included in the amend-
16 ments made by Public Law 106–230.

17 **SEC. 2. TECHNICAL CORRECTIONS TO SECTION 527 ORGA-**
18 **NIZATION DISCLOSURE PROVISIONS.**

19 (a) UNSEGREGATED FUNDS NOT TO AVOID PEN-
20 ALTY.—Paragraph (4) of section 527(i) of the Internal
21 Revenue Code of 1986 (relating to failure to notify) is
22 amended by adding at the end the following new sentence:
23 “‘For purposes of the preceding sentence, the term ‘exempt
24 function income’ means any amount described in a sub-

1 paragraph of subsection (c)(3), whether or not segregated
2 for use for an exempt function.”

3 (b) PROCEDURES FOR ASSESSMENT AND COLLEC-
4 TION OF PENALTY.—Paragraph (1) of section 527(j) of
5 such Code (relating to required disclosure of expenditures
6 and contributions) is amended by adding at the end the
7 following new sentence: “For purposes of subtitle F, the
8 penalty imposed by this paragraph shall be assessed and
9 collected in the same manner as penalties imposed by sec-
10 tion 6652(c).”

11 (c) APPLICATION OF FRAUD PENALTY.—Section
12 7207 of such Code (relating to fraudulent returns, state-
13 ments, and other documents) is amended by striking “pur-
14 suant to subsection (b) of section 6047 or pursuant to sub-
15 section (d) of section 6104” and inserting “pursuant to
16 section 6047(b), section 6104(d), or subsection (i) or (j)
17 of section 527”.

18 (d) DUPLICATE ELECTRONIC AND WRITTEN FILINGS
19 NOT REQUIRED.—

20 (1) Subparagraph (A) of section 527(i)(1) of
21 such Code is amended by striking “, electronically
22 and in writing,”.

23 (2) Subsection (i) of section 527 of such Code
24 is amended by adding at the end the following new
25 paragraph:

1 “(8) ELECTRONIC FILING.—The Secretary shall
2 develop procedures for submission in electronic form
3 of notices required to be filed under this subsection
4 and reports required to be filed under subsection
5 (j).”

6 (e) MODIFICATION OF GIFT TAX RULES.—Para-
7 graph (5) of section 2501(a) of such Code (relating to
8 transfers to political organizations) is amended by adding
9 at the end the following new sentence: “The preceding sen-
10 tence shall not apply in the case of any such organization
11 which is not in substantial compliance with subsections (i)
12 and (j) of section 527.”

13 (f) EFFECTIVE DATE.—

14 (1) IN GENERAL.—Except as provided in para-
15 graph (2), the amendments made by this section
16 shall take effect as if included in the amendments
17 made by Public Law 106–230.

18 (2) MODIFICATION OF GIFT TAX RULES.—The
19 amendment made by subsection (e) shall apply to
20 gifts made after the date of the enactment of this
21 Act.

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