

114TH CONGRESS
1ST SESSION

S. 274

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

JANUARY 28, 2015

Mr. CRUZ (for himself, Mr. GRASSLEY, Mr. INHOFE, and Mr. VITTER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

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

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

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

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

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

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

21 (6) The targeting of certain individuals and
22 groups by the Internal Revenue Services based on
23 their political beliefs and activities must be stopped,
24 and to ensure the integrity of the income tax system
25 of the United States, the Internal Revenue Service

1 should be removed from evaluating the political ac-
2 tivities of any individuals or organizations.

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

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

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

12 “(B) has been determined, pursuant to
13 proceedings under section 309 of the Federal
14 Election Campaign Act of 1971 (52 U.S.C.
15 30109) or by a court of law, to be a political
16 committee, as defined under section 301(4) of
17 such Act (52 U.S.C. 30101(4)), or

18 “(C) which is organized and operated pri-
19 marily for the purposes of directly or indirectly
20 accepting contributions or making expenditures,
21 or both, for influencing or attempting to influ-
22 ence the selection, nomination, election, or ap-
23 pointment of any individual to any State or
24 local public office and—

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

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

6 (c) TAX-EXEMPT ORGANIZATIONS.—Section 501 of
7 such Code is amended by inserting after subsection (r) the
8 following new subsection:

9 “(s) PROMOTION OF SOCIAL WELFARE.—

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

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

18 “(B) any activities for the purpose of edu-
19 cating individuals on issues of public impor-
20 tance and on the behavior of public officials, in-
21 cluding participation in ballot initiatives and
22 referenda, and

23 “(C) any activity described in clauses (i),
24 (ii), (iii), and (v) of section 301(9)(B) of the

1 Federal Election Campaign Act of 1971 (52
2 U.S.C. 30101(9)(B)).

3 “(2) POLITICAL ACTIVITY IN FURTHERANCE OF
4 AMERICAN DEMOCRACY.—For purposes of this sub-
5 section, the term ‘political activity in furtherance of
6 American democracy’ shall include any activity de-
7 scribed in subparagraph (A) of section 301(9) of the
8 Federal Election Campaign Act of 1971 (52 U.S.C.
9 30101(9)).

10 “(3) RULE OF CONSTRUCTION.—Nothing in
11 this subsection shall be construed to exempt an or-
12 ganization from satisfying any applicable require-
13 ments for filing as a political committee pursuant to
14 the Federal Election Campaign Act of 1971 (52
15 U.S.C. 30101 et seq.).”.

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