

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1295
OFFERED BY MR. RYAN OF WISCONSIN**

Strike all after the enacting clause and insert the following:

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:

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

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

5 “(3) A statement of the purpose of the organi-
6 zation.

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

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

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

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

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

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

3 (2) by striking “include on the return required
4 under subsection (a) the information” and inserting
5 the following: “include on the return required under
6 subsection (a)—

7 “(1) the information”, and

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

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

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

21 “(4) NOTICES UNDER SECTION 506.—

22 “(A) PENALTY ON ORGANIZATION.—In the
23 case of a failure to submit a notice required
24 under section 506(a) (relating to organizations
25 required to notify Secretary of intent to operate

1 as 501(c)(4)) on the date and in the manner
2 prescribed therefor, there shall be paid by the
3 organization failing to so submit \$20 for each
4 day during which such failure continues, but
5 the total amount imposed under this subpara-
6 graph on any organization for failure to submit
7 any one notice shall not exceed \$5,000.

8 “(B) MANAGERS.—The Secretary may
9 make written demand on an organization sub-
10 ject to penalty under subparagraph (A) speci-
11 fying in such demand a reasonable future date
12 by which the notice shall be submitted for pur-
13 poses of this subparagraph. If such notice is not
14 submitted on or before such date, there shall be
15 paid by the person failing to so submit \$20 for
16 each day after the expiration of the time speci-
17 fied in the written demand during which such
18 failure continues, but the total amount imposed
19 under this subparagraph on all persons for fail-
20 ure to submit any one notice shall not exceed
21 \$5,000.”.

22 (d) CLERICAL AMENDMENT.—The table of sections
23 for part I of subchapter F of chapter 1 of such Code is
24 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).”.

1 (e) EFFECTIVE DATE.—

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

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

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

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

21 In the case of any organization to which the amend-
22 ments made by this section apply by reason of the
23 preceding sentence, such organization shall submit
24 the notice required by section 506(a) of such Code,

1 as added by this Act, not later than 180 days after
2 the date of the enactment of this Act.

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

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

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

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

