

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 1314  
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 “Ensuring Tax Exempt  
3 Organizations the Right to Appeal Act”.

**4 SEC. 2. ADMINISTRATIVE APPEAL RELATING TO ADVERSE  
5 DETERMINATIONS OF TAX-EXEMPT STATUS  
6 OF CERTAIN ORGANIZATIONS.**

7 (a) IN GENERAL.—Section 7123 of the Internal Rev-  
8 enue Code of 1986 is amended by adding at the end of  
9 the following:

10 “(c) ADMINISTRATIVE APPEAL RELATING TO AD-  
11 VERSE DETERMINATION OF TAX-EXEMPT STATUS OF  
12 CERTAIN ORGANIZATIONS.—

13 “(1) IN GENERAL.—The Secretary shall pre-  
14 scribe procedures under which an organization which  
15 claims to be described in section 501(c) may request  
16 an administrative appeal (including a conference re-  
17 lating to such appeal if requested by the organiza-  
18 tion) to the Internal Revenue Service Office of Ap-

1 peals of an adverse determination described in para-  
2 graph (2).

3 “(2) ADVERSE DETERMINATIONS.—For pur-  
4 poses of paragraph (1), an adverse determination is  
5 described in this paragraph if such determination is  
6 adverse to an organization with respect to—

7 “(A) the initial qualification or continuing  
8 qualification of the organization as exempt from  
9 tax under section 501(a) or as an organization  
10 described in section 170(e)(2),

11 “(B) the initial classification or continuing  
12 classification of the organization as a private  
13 foundation under section 509(a), or

14 “(C) the initial classification or continuing  
15 classification of the organization as a private  
16 operating foundation under section  
17 4942(j)(3).”.

18 (b) EFFECTIVE DATE.—The amendment made by  
19 subsection (a) shall apply to determinations made on or  
20 after May 19, 2014.

