

118TH CONGRESS
2D SESSION

H. R. 6408

IN THE SENATE OF THE UNITED STATES

APRIL 16, 2024

Received; read twice and referred to the Committee on Finance

AN ACT

To amend the Internal Revenue Code of 1986 to terminate the tax-exempt status of terrorist supporting organizations.

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. TERMINATION OF TAX-EXEMPT STATUS OF**
2 **TERRORIST SUPPORTING ORGANIZATIONS.**

3 (a) IN GENERAL.—Section 501(p) of the Internal
4 Revenue Code of 1986 is amended by adding at the end
5 the following new paragraph:

6 “(8) APPLICATION TO TERRORIST SUPPORTING
7 ORGANIZATIONS.—

8 “(A) IN GENERAL.—For purposes of this
9 subsection, in the case of any terrorist sup-
10 porting organization—

11 “(i) such organization (and the des-
12 ignation of such organization under sub-
13 paragraph (B)) shall be treated as de-
14 scribed in paragraph (2), and

15 “(ii) the period of suspension de-
16 scribed in paragraph (3) with respect to
17 such organization shall be treated as begin-
18 ning on the date that the Secretary des-
19 ignates such organization under subpara-
20 graph (B) and ending on the date that the
21 Secretary rescinds such designation under
22 subparagraph (D).

23 “(B) TERRORIST SUPPORTING ORGANIZA-
24 TION.—For purposes of this paragraph, the
25 term ‘terrorist supporting organization’ means
26 any organization which is designated by the

1 Secretary as having provided, during the 3-year
2 period ending on the date of such designation,
3 material support or resources (within the mean-
4 ing of section 2339B of title 18, United States
5 Code) to an organization described in para-
6 graph (2) (determined after the application of
7 this paragraph to such organization) in excess
8 of a de minimis amount.

9 “(C) DESIGNATION PROCEDURE.—

10 “(i) NOTICE REQUIREMENT.—Prior to
11 designating any organization as a terrorist
12 supporting organization under subpara-
13 graph (B), the Secretary shall mail to the
14 most recent mailing address provided by
15 such organization on the organization’s an-
16 nual return or notice under section 6033
17 (or subsequent form indicating a change of
18 address) a written notice which includes—

19 “(I) a statement that the Sec-
20 retary will designate such organization
21 as a terrorist supporting organization
22 unless the organization satisfies the
23 requirements of subclause (I) or (II)
24 of clause (ii),

1 “(II) the name of the organiza-
2 tion or organizations with respect to
3 which the Secretary has determined
4 such organization provided material
5 support or sources as described in
6 subparagraph (B), and

7 “(III) a description of such mate-
8 rial support or resources to the extent
9 consistent with national security and
10 law enforcement interests.

11 “(ii) OPPORTUNITY TO CURE.—In the
12 case of any notice provided to an organiza-
13 tion under clause (i), the Secretary shall,
14 at the close of the 90-day period beginning
15 on the date that such notice was sent, des-
16 ignate such organization as a terrorist sup-
17 porting organization under subparagraph
18 (B) if (and only if) such organization has
19 not (during such period)—

20 “(I) demonstrated to the satisfac-
21 tion of the Secretary that such organi-
22 zation did not provide the material
23 support or resources referred to in
24 subparagraph (B), or

1 “(II) made reasonable efforts to
2 have such support or resources re-
3 turned to such organization and cer-
4 tified in writing to the Secretary that
5 such organization will not provide any
6 further support or resources to orga-
7 nizations described in paragraph (2).

8 A certification under subclause (II) shall
9 not be treated as valid if the organization
10 making such certification has provided any
11 other such certification during the pre-
12 ceding 5 years.

13 “(D) RESCISSION.—The Secretary shall re-
14 scind a designation under subparagraph (B) if
15 (and only if)—

16 “(i) the Secretary determines that
17 such designation was erroneous,

18 “(ii) after the Secretary receives a
19 written certification from an organization
20 that such organization did not receive the
21 notice described in subparagraph (C)(i)—

22 “(I) the Secretary determines
23 that it is reasonable to believe that
24 such organization did not receive such
25 notice, and

1 “(II) such organization satisfies
2 the requirements of subclause (I) or
3 (II) of subparagraph (C)(ii) (deter-
4 mined after taking into account the
5 last sentence thereof), or

6 “(iii) the Secretary determines, with
7 respect to all organizations to which the
8 material support or resources referred to
9 in subparagraph (B) were provided, the pe-
10 riods of suspension under paragraph (3)
11 have ended.

12 A certification described in the matter pre-
13 ceding subclause (I) of clause (II) shall not be
14 treated as valid if the organization making such
15 certification has provided any other such certifi-
16 cation during the preceding 5 years.

17 “(E) ADMINISTRATIVE REVIEW BY INTER-
18 NAL REVENUE SERVICE INDEPENDENT OFFICE
19 OF APPEALS.—In the case of the designation of
20 an organization by the Secretary as a terrorist
21 supporting organization under subparagraph
22 (B), a dispute regarding such designation shall
23 be subject to resolution by the Internal Revenue
24 Service Independent Office of Appeals under
25 section 7803(e) in the same manner as if such

1 designation were made by the Internal Revenue
2 Service and paragraph (5) of this subsection
3 did not apply.

4 “(F) JURISDICTION OF UNITED STATES
5 COURTS.—Notwithstanding paragraph (5), the
6 United States district courts shall have exclu-
7 sive jurisdiction to review a final determination
8 with respect to an organization’s designation as
9 a terrorist supporting organization under sub-
10 paragraph (B). In the case of any such deter-
11 mination which was based on classified informa-
12 tion (as defined in section 1(a) of the Classified
13 Information Procedures Act), such information
14 may be submitted to the reviewing court ex
15 parte and in camera. For purposes of this sub-
16 paragraph, a determination with respect to an
17 organization’s designation as a terrorist sup-
18 porting organization shall not fail to be treated
19 as a final determination merely because such
20 organization fails to utilize the dispute resolu-
21 tion process of the Internal Revenue Service
22 Independent Office of Appeals provided under
23 subparagraph (E).”.

24 (b) EFFECTIVE DATE.—The amendment made by
25 this section shall apply to designations made after the date

1 of the enactment of this Act in taxable years ending after
2 such date.

Passed the House of Representatives April 15, 2024.

Attest: KEVIN F. MCCUMBER,
Clerk.