

118TH CONGRESS
2D SESSION

S. 4136

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

IN THE SENATE OF THE UNITED STATES

APRIL 17, 2024

Mr. CORNYN (for himself and Mr. KING) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

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,*

3 **SECTION 1. TERMINATION OF TAX-EXEMPT STATUS OF**
4 **TERRORIST SUPPORTING ORGANIZATIONS.**

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

8 “(8) APPLICATION TO TERRORIST SUPPORTING
9 ORGANIZATIONS.—

1 “(A) IN GENERAL.—For purposes of this
2 subsection, in the case of any terrorist sup-
3 porting organization—

4 “(i) such organization (and the des-
5 ignation of such organization under sub-
6 paragraph (B)) shall be treated as de-
7 scribed in paragraph (2), and

8 “(ii) the period of suspension de-
9 scribed in paragraph (3) with respect to
10 such organization shall be treated as begin-
11 ning on the date that the Secretary des-
12 ignates such organization under subpara-
13 graph (B) and ending on the date that the
14 Secretary rescinds such designation under
15 subparagraph (D).

16 “(B) TERRORIST SUPPORTING ORGANIZA-
17 TION.—For purposes of this paragraph, the
18 term ‘terrorist supporting organization’ means
19 any organization which is designated by the
20 Secretary as having provided, during the 3-year
21 period ending on the date of such designation,
22 material support or resources (within the mean-
23 ing of section 2339B of title 18, United States
24 Code) to an organization described in para-
25 graph (2) (determined after the application of

1 this paragraph to such organization) in excess
2 of a de minimis amount.

3 “(C) DESIGNATION PROCEDURE.—

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

13 “(I) a statement that the Sec-
14 retary will designate such organization
15 as a terrorist supporting organization
16 unless the organization satisfies the
17 requirements of subclause (I) or (II)
18 of clause (ii),

19 “(II) the name of the organiza-
20 tion or organizations with respect to
21 which the Secretary has determined
22 such organization provided material
23 support or sources as described in
24 subparagraph (B), and

1 “(III) a description of such mate-
2 rial support or resources to the extent
3 consistent with national security and
4 law enforcement interests.

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

14 “(I) demonstrated to the satisfac-
15 tion of the Secretary that such organi-
16 zation did not provide the material
17 support or resources referred to in
18 subparagraph (B), or

19 “(II) made reasonable efforts to
20 have such support or resources re-
21 turned to such organization and cer-
22 tified in writing to the Secretary that
23 such organization will not provide any
24 further support or resources to orga-
25 nizations described in paragraph (2).

1 A certification under subclause (II) shall
2 not be treated as valid if the organization
3 making such certification has provided any
4 other such certification during the pre-
5 ceding 5 years.

6 “(D) RESCISSION.—The Secretary shall re-
7 scind a designation under subparagraph (B) if
8 (and only if)—

9 “(i) the Secretary determines that
10 such designation was erroneous,

11 “(ii) after the Secretary receives a
12 written certification from an organization
13 that such organization did not receive the
14 notice described in subparagraph (C)(i)—

15 “(I) the Secretary determines
16 that it is reasonable to believe that
17 such organization did not receive such
18 notice, and

19 “(II) such organization satisfies
20 the requirements of subclause (I) or
21 (II) of subparagraph (C)(ii) (deter-
22 mined after taking into account the
23 last sentence thereof), or

24 “(iii) the Secretary determines, with
25 respect to all organizations to which the

1 material support or resources referred to
2 in subparagraph (B) were provided, the pe-
3 riods of suspension under paragraph (3)
4 have ended.

5 A certification described in the matter pre-
6 ceding subclause (I) of clause (ii) shall not be
7 treated as valid if the organization making such
8 certification has provided any other such certifi-
9 cation during the preceding 5 years.

10 “(E) ADMINISTRATIVE REVIEW BY INTER-
11 NAL REVENUE SERVICE INDEPENDENT OFFICE
12 OF APPEALS.—In the case of the designation of
13 an organization by the Secretary as a terrorist
14 supporting organization under subparagraph
15 (B), a dispute regarding such designation shall
16 be subject to resolution by the Internal Revenue
17 Service Independent Office of Appeals under
18 section 7803(e) in the same manner as if such
19 designation were made by the Internal Revenue
20 Service and paragraph (5) of this subsection
21 did not apply.

22 “(F) JURISDICTION OF UNITED STATES
23 COURTS.—Notwithstanding paragraph (5), the
24 United States district courts shall have exclu-
25 sive jurisdiction to review a final determination

1 with respect to an organization’s designation as
2 a terrorist supporting organization under sub-
3 paragraph (B). In the case of any such deter-
4 mination which was based on classified informa-
5 tion (as defined in section 1(a) of the Classified
6 Information Procedures Act), such information
7 may be submitted to the reviewing court ex
8 parte and in camera. For purposes of this sub-
9 paragraph, a determination with respect to an
10 organization’s designation as a terrorist sup-
11 porting organization shall not fail to be treated
12 as a final determination merely because such
13 organization fails to utilize the dispute resolu-
14 tion process of the Internal Revenue Service
15 Independent Office of Appeals provided under
16 subparagraph (E).”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall apply to designations made after the date
19 of the enactment of this Act in taxable years ending after
20 such date.

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