

104TH CONGRESS
2D SESSION

H. R. 2910

To amend the Internal Revenue Code of 1986 to clarify the restrictions on the lobbying and campaign activities of churches.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 1996

Mr. CRANE (for himself and Mr. RANGEL) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to clarify the restrictions on the lobbying and campaign activities of churches.

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. CLARIFICATION OF RESTRICTION ON LOBBY-**
4 **ING AND CAMPAIGN ACTIVITIES OF CHURCH-**
5 **ES.**

6 (a) IN GENERAL.—Section 501 of the Internal Reve-
7 nue Code of 1986 (relating to exemption from tax on cor-
8 porations, certain trusts, etc.) is amended by redesignat-
9 ing subsection (n) as subsection (o) and by inserting after
10 subsection (m) the following new subsection:

1 “(n) EXPENDITURES BY CHURCHES, ETC., TO IN-
2 FLUENCE LEGISLATION OR PARTICIPATE IN CAMPAIGN
3 ACTIVITIES.—

4 “(1) EXPENDITURES TO INFLUENCE LEGISLA-
5 TION.—An organization to which this subsection ap-
6 plies shall be denied exemption from taxation under
7 subsection (a) because a substantial part of the ac-
8 tivities of such organization consists of carrying on
9 propaganda, or otherwise attempting, to influence
10 legislation, but only if such organization normally
11 makes lobbying expenditures (as defined in section
12 4911(d)) for each taxable year in excess of an
13 amount equal to 20 percent of such organization’s
14 gross revenues for such year.

15 “(2) EXPENDITURES TO PARTICIPATE IN CAM-
16 PAIGNS.—An organization to which this subsection
17 applies shall be denied exemption from taxation
18 under subsection (a) because such organization par-
19 ticipates in, or intervenes in (including the publish-
20 ing or distributing of statements), any political cam-
21 paign on behalf of (or in opposition to) any can-
22 didate for public office, but only if such organization
23 normally makes expenditures for such purpose for
24 each taxable year in excess of an amount equal to

1 5 percent of such organization's gross revenues for
2 such year.

3 “(3) AGGREGATE LIMIT.—An organization to
4 which this subsection applies shall be denied exemp-
5 tion from taxation under subsection (a) if the aggre-
6 gate of the expenditures described in paragraph (1)
7 and the expenditures described in paragraph (2)
8 which such organization normally makes for each
9 taxable year exceeds an amount equal to 20 percent
10 of such organization's gross revenues for such year.

11 “(4) GROSS REVENUES.—For purposes of this
12 subsection, the term ‘gross revenues’ means the sum
13 of—

14 “(A) the organization's gross income for
15 the taxable year, and

16 “(B) the aggregate contributions and gifts
17 received by such organization during such year.

18 “(5) ORGANIZATIONS TO WHICH SUBSECTION
19 APPLIES.—This subsection shall apply to any dis-
20 qualified organization (as defined in subsection
21 (h)(5)) which is described in subsection (c)(3).

22 “(6) AFFILIATED ORGANIZATIONS.—If, for any
23 taxable year, 2 or more organizations to which this
24 subsection applies are members of an affiliated

1 group of organizations (as defined in section
2 4911(f)(2))—

3 “(A) paragraphs (1), (2), (3), and (4) shall
4 be applied by treating such group as 1 organi-
5 zation, and

6 “(B) if such group exceeds the expenditure
7 limitation of paragraph (1), (2), or (3), each or-
8 ganization to which this subsection applies
9 which is a member of such group shall be treat-
10 ed as not described in subsection (c)(3).

11 The preceding sentence shall not be applied so as to
12 treat an organization which is not (without regard to
13 the preceding sentence) exempt from tax by reason
14 of paragraph (1), (2), or (3) as being so exempt.”

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall apply to taxable years beginning after
17 the date of the enactment of this Act.

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