



**DESCRIPTION OF THE CHAIRMAN’S AMENDMENT
IN THE NATURE OF A SUBSTITUTE TO H.R. 6408**

Description of amendment

The Chairman’s amendment in the nature of a substitute makes the following three modifications to H.R. 6408:

1. In new section 501(p)(8)(C)(i), as added by the bill, the amendment replaces “the organization’s annual return” with “the organization’s annual return or notice”;
2. In new section 501(p)(8)(C)(i)(III), as added by the bill, the amendment adds “to the extent consistent with national security and law enforcement interests” after “a description of such material support or resources”;
3. In new section 501(p)(8)(C)(ii), as added by the bill, the amendment replaces “terrorist organization” with “terrorist supporting organization”; and
4. Section 501(p)(5) generally prohibits an organization from challenging a terrorism-related designation under section 501(p) in an administrative or judicial proceeding relating to Federal tax liability. The amendment adds new section 501(p)(8)(E), which provides an exception that, notwithstanding section 501(p)(5), in the case of the designation of an organization by the Secretary as a terrorist supporting organization, a dispute regarding such designation is subject to resolution by the IRS Independent Office of Appeals (“IRS Appeals”) under section 7803(e) (which describes IRS Appeals). The dispute is subject to IRS Appeals resolution in the same manner as if the designation were made by the IRS. In addition, the amendment adds new section 501(p)(8)(F), which provides that, notwithstanding section 501(p)(5), the United States district courts shall have exclusive jurisdiction to review a final determination with respect to an organization’s designation as a terrorist supporting organization. In the case of a determination that was based on classified information (as defined in section 1(a) of the Classified Information Procedures Act), such information may be submitted to the reviewing court ex parte and in camera. For purposes of section 501(p)(8)(F), a determination shall not fail to be treated as a final determination merely because the organization fails to utilize the dispute resolution process of IRS Appeals provided under section 501(p)(8)(E).

Estimated revenue effects

The staff of the Joint Committee on Taxation estimates the amendment to have a negligible effect on Federal fiscal year budget receipts for the period 2024 through 2033.