

118TH CONGRESS
2D SESSION

H. R. 8914

To amend the Internal Revenue Code of 1986 to impose penalties with respect to civil rights violations by certain tax-exempt educational institutions.

IN THE HOUSE OF REPRESENTATIVES

JULY 2, 2024

Ms. MALLIOTAKIS (for herself, Ms. STEFANIK, Mr. KUSTOFF, Ms. TENNEY, Mr. MURPHY, Mr. KELLY of Pennsylvania, Mr. SCHWEIKERT, Mrs. MILLER of West Virginia, Mrs. FISCHBACH, Mr. MOORE of Utah, and Mr. FERGUSON) 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 impose penalties with respect to civil rights violations by certain tax-exempt educational institutions.

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. SHORT TITLE.**

4 This Act may be cited as the “University Account-
5 ability Act”.

1 **SEC. 2. PENALTIES WITH RESPECT TO CIVIL RIGHTS VIOLA-**
2 **TIONS BY CERTAIN TAX-EXEMPT EDU-**
3 **CATIONAL INSTITUTIONS.**

4 (a) IN GENERAL.—Part I of subchapter B of chapter
5 68 of the Internal Revenue Code of 1986 is amended by
6 adding at the end the following new section:

7 **“SEC. 6720D. CIVIL RIGHTS VIOLATIONS BY CERTAIN TAX-**
8 **EXEMPT EDUCATIONAL INSTITUTIONS.**

9 “(a) IN GENERAL.—There is hereby imposed a pen-
10 alty equal to the applicable penalty amount on a specified
11 tax-exempt educational institution with respect to each de-
12 termination of civil rights violation with respect to such
13 institution.

14 “(b) TIMING OF LIABILITY.—

15 “(1) IN GENERAL.—A specified tax-exempt edu-
16 cational institution shall be liable for the penalty im-
17 posed under subsection (a) with respect to any de-
18 termination of civil rights violation on the date of
19 the judgment referred to in subsection (c).

20 “(2) REVERSAL OF DETERMINATIONS.—In the
21 event that any determination of civil rights violation
22 is vacated, overturned, or otherwise reversed, the
23 Secretary shall refund any penalty paid with respect
24 to the determination of civil rights violation. The
25 preceding sentence shall not be interpreted to pre-
26 vent the application of this section with respect to

1 any determination of civil rights violation that is re-
2 instated or otherwise redetermined following any
3 such reversal.

4 “(c) DETERMINATION OF CIVIL RIGHTS VIOLA-
5 TION.—For purposes of this section—

6 “(1) IN GENERAL.—The term ‘determination of
7 civil rights violation’ means, with respect to any
8 specified tax-exempt educational institution, any civil
9 judgment of a Federal court of competent jurisdic-
10 tion that such institution violated any provision of
11 title VI of the Civil Rights Act of 1964.

12 “(2) AUTHORITY TO TREAT CERTAIN JUDG-
13 MENTS AS A SINGLE DETERMINATION OF CIVIL
14 RIGHTS VIOLATION.—If the Secretary determines
15 that two or more judgments are based on the same
16 set of facts and circumstances, such judgments shall
17 be treated as a single determination of civil rights
18 violation for purposes of this section, section 501(s),
19 and such provisions of section 6033(o) as the Sec-
20 retary determines appropriate.

21 “(d) APPLICABLE PENALTY AMOUNT.—For purposes
22 of this section—

23 “(1) IN GENERAL.—The term ‘applicable pen-
24 alty amount’ means, with respect to each determina-
25 tion of civil rights violation made with respect to any

1 specified tax-exempt educational institution, the
2 greater of—

3 “(A) \$100,000, or

4 “(B) in the case of an institution subject
5 to the requirements of section 6033(a), 5 per-
6 cent of the aggregate administrative compensa-
7 tion paid by such specified tax-exempt edu-
8 cational institution during the taxable year in
9 which such violation occurred.

10 “(2) ADMINISTRATIVE COMPENSATION.—The
11 term ‘administrative compensation’ means, with re-
12 spect to any specified tax-exempt educational institu-
13 tion, the compensation and other payments de-
14 scribed in section 6033(b)(7) made by such institu-
15 tion.

16 “(e) SPECIFIED TAX-EXEMPT EDUCATIONAL INSTI-
17 TUTION.—For purposes of this section, the term ‘specified
18 tax-exempt educational institution’ means any eligible edu-
19 cational institution (as defined in section 25A(f)(2)) which
20 is described in section 501(c) or section 511(a)(2)(B).

21 “(f) WAIVER OF LIMITATIONS ON ASSESSMENT AND
22 REFUND.—Sections 6501 and 6511 shall not apply to any
23 penalty imposed under subsection (a) or refund made
24 under subsection (b)(2).”.

1 (b) MANDATORY REVIEW OF EXEMPT STATUS UPON
2 REPEATED CIVIL RIGHTS VIOLATIONS.—Section 501 of
3 such Code is amended by adding at the end the following
4 new subsection:

5 “(s) MANDATORY REVIEW OF EXEMPT STATUS OF
6 CERTAIN EDUCATIONAL INSTITUTIONS WITH REPEATED
7 CIVIL RIGHTS VIOLATIONS.—Upon any determination of
8 civil right violation (as defined in section 6720D(e)) with
9 respect to any specified tax-exempt educational institution
10 (as defined in section 6720D(e)), if such determination is
11 not one of the first 2 such determinations (made after the
12 date of the enactment of this subsection) with respect to
13 such institution, the Secretary shall conduct a review to
14 determine if such institution remains an organization de-
15 scribed in subsection (c) which is entitled to exemption
16 from tax under subsection (a). Any determination which
17 is vacated, overturned, or otherwise reversed shall not be
18 taken into account under the preceding sentence (unless
19 subsequently reinstated or otherwise redetermined).”.

20 (c) REPORTING BY SPECIFIED TAX-EXEMPT EDU-
21 CATIONAL INSTITUTIONS OF DETERMINATIONS OF CIVIL
22 RIGHTS VIOLATION.—Section 6033 of such Code is
23 amended by redesignating subsection (o) as subsection (p)
24 and by inserting after subsection (n) the following new
25 subsection:

1 “(o) ADDITIONAL PROVISIONS RELATING TO SPECI-
2 FIED TAX-EXEMPT EDUCATIONAL INSTITUTIONS.—

3 “(1) IN GENERAL.—Every specified tax-exempt
4 educational institution (as defined in section
5 6720D(c)) which is subject to the requirements of
6 subsection (a) shall, on the return required under
7 subsection (a) for the taxable year, include the fol-
8 lowing:

9 “(A) With respect to each determination of
10 civil rights violation (as defined in section
11 6720D(c)) made with respect to such institu-
12 tion during such taxable year:

13 “(i) A description of such determina-
14 tion (including the date of such determina-
15 tion) and of the civil rights violation to
16 which such determination relates.

17 “(ii) The number of determinations of
18 civil rights violation (determined by dis-
19 regarding determinations not taken into
20 account under the last sentence of section
21 501(s)) made with respect to such institu-
22 tion before such determination (and after
23 the date of the enactment of this sub-
24 section).

1 “(iii) Such other information as the
2 Secretary may require.

3 “(B) With respect to each determination of
4 civil rights violation (as defined in section
5 6720D(c)) which is vacated, overturned, or oth-
6 erwise reversed during such taxable year:

7 “(i) A description of the order or
8 judgment which so reversed such deter-
9 mination, including the date of such order
10 or judgment.

11 “(ii) The information described in
12 subparagraph (A)(i) with respect to the de-
13 termination so reversed.

14 “(iii) Such other information as the
15 Secretary may require.

16 “(2) APPLICATION TO STATE COLLEGES AND
17 UNIVERSITIES.—Every specified tax-exempt edu-
18 cational institution (as defined in section 6720D(c))
19 which is described in section 511(a)(2)(B) shall, for
20 any taxable year with respect to which there is a de-
21 termination of civil rights violation described in sub-
22 paragraph (A) or (B) of paragraph (1) with respect
23 to such institution, file an annual return that con-
24 tains the information described in such subpara-
25 graphs. The penalties applicable to returns required

1 under subsection (a) shall apply to returns required
2 under this paragraph.”.

3 (d) CLERICAL AMENDMENT.—The table of sections
4 for part I of subchapter B of chapter 68 of such Code
5 is amended by adding at the end the following new item:

“Sec. 6720D. Civil rights violations by certain tax-exempt educational institu-
tions.”.

6 (e) EFFECTIVE DATE.—The amendments made by
7 this subsection shall apply with respect to determinations
8 of civil rights violation made after the date of the enact-
9 ment of this Act.

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