

115TH CONGRESS
1ST SESSION

H. R. 1843

To amend title 31, United States Code, to prohibit the Internal Revenue Service from carrying out seizures relating to a structuring transaction unless the property to be seized derived from an illegal source or the funds were structured for the purpose of concealing the violation of another criminal law or regulation, to require notice and a post-seizure hearing for such seizures, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 2017

Mr. ROSKAM (for himself, Mr. CROWLEY, Mr. HOLDING, Mr. REED, Mr. MARCHANT, Mr. BUCHANAN, Mr. MEEHAN, Mr. RENACCI, Mr. SMITH of Missouri, Mr. RICE of South Carolina, Mr. COLLINS of Georgia, and Mr. HARRIS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title 31, United States Code, to prohibit the Internal Revenue Service from carrying out seizures relating to a structuring transaction unless the property to be seized derived from an illegal source or the funds were structured for the purpose of concealing the violation of another criminal law or regulation, to require notice and a post-seizure hearing for such seizures, and for other purposes.

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 “Clyde-Hirsch-Sowers
5 RESPECT Act” or the “Restraining Excessive Seizure of
6 Property through the Exploitation of Civil Asset For-
7 feiture Tools Act”.

8 **SEC. 2. INTERNAL REVENUE SERVICE SEIZURE REQUIRE-**
9 **MENTS WITH RESPECT TO STRUCTURING**
10 **TRANSACTIONS.**

11 Section 5317(c)(2) of title 31, United States Code,
12 is amended—

13 (1) by striking “Any property” and inserting
14 the following:

15 “(A) IN GENERAL.—Any property”; and

16 (2) by adding at the end the following:

17 “(B) INTERNAL REVENUE SERVICE SEI-
18 ZURE REQUIREMENTS WITH RESPECT TO
19 STRUCTURING TRANSACTIONS.—

20 “(i) PROPERTY DERIVED FROM AN IL-
21 LEGAL SOURCE.—Property may only be
22 seized by the Internal Revenue Service
23 pursuant to subparagraph (A) by reason of
24 a claimed violation of section 5324 if the
25 property to be seized was derived from an

1 illegal source or the funds were structured
2 for the purpose of concealing the violation
3 of a criminal law or regulation other than
4 section 5324.

5 “(ii) NOTICE.—Not later than 30
6 days after property is seized by the Inter-
7 nal Revenue Service pursuant to subpara-
8 graph (A), the Internal Revenue Service
9 shall—

10 “(I) make a good faith effort to
11 find all persons with an ownership in-
12 terest in such property; and

13 “(II) provide each such person
14 with a notice of the person’s rights
15 under clause (iv).

16 “(iii) EXTENSION OF NOTICE UNDER
17 CERTAIN CIRCUMSTANCES.—The Internal
18 Revenue Service may apply to a court of
19 competent jurisdiction for one 30-day ex-
20 tension of the notice requirement under
21 clause (ii) if the Internal Revenue Service
22 can establish probable cause of an immi-
23 nent threat to national security or personal
24 safety necessitating such extension.

1 “(iv) POST-SEIZURE HEARING.—If a
2 person with a property interest in property
3 seized pursuant to subparagraph (A) by
4 the Internal Revenue Service requests a
5 hearing by a court of competent jurisdic-
6 tion within 30 days after the date on which
7 notice is provided under subclause (ii),
8 such property shall be returned unless the
9 court holds an adversarial hearing and
10 finds within 30 days of such request (or
11 such longer period as the court may pro-
12 vide, but only on request of an interested
13 party) that there is probable cause to be-
14 lieve that there is a violation of section
15 5324 involving such property and probable
16 cause to believe that the property to be
17 seized was derived from an illegal source or
18 the funds were structured for the purpose
19 of concealing the violation of a criminal
20 law or regulation other than section
21 5324.”.

1 **SEC. 3. EXCLUSION OF INTEREST RECEIVED IN ACTION TO**
2 **RECOVER PROPERTY SEIZED BY THE INTER-**
3 **NAL REVENUE SERVICE BASED ON STRUC-**
4 **TURING TRANSACTION.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-
6 ter 1 of the Internal Revenue Code of 1986 is amended
7 by inserting before section 140 the following new section:
8 **“SEC. 139G. INTEREST RECEIVED IN ACTION TO RECOVER**
9 **PROPERTY SEIZED BY THE INTERNAL REV-**
10 **ENUE SERVICE BASED ON STRUCTURING**
11 **TRANSACTION.**

12 “Gross income shall not include any interest received
13 from the Federal Government in connection with an action
14 to recover property seized by the Internal Revenue Service
15 pursuant to section 5317(c)(2) of title 31, United States
16 Code, by reason of a claimed violation of section 5324 of
17 such title.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for part III of subchapter B of chapter 1 of such Code
20 is amended by inserting before the item relating to section
21 140 the following new item:

“Sec. 139G. Interest received in action to recover property seized by the Inter-
nal Revenue Service based on structuring transaction.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to interest received on or after the
3 date of the enactment of this Act.

○