

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 565

To amend the Internal Revenue Code of 1986 to improve disclosure requirements for tax-exempt organizations.

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## IN THE SENATE OF THE UNITED STATES

MARCH 11 (legislative day, MARCH 3), 1993

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

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## A BILL

To amend the Internal Revenue Code of 1986 to improve disclosure requirements for tax-exempt 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. IMPROVED DISCLOSURE TO DONORS BY TAX-**

4                       **EXEMPT ORGANIZATIONS.**

5       (a) IN GENERAL.—Section 6033 of the Internal Rev-  
6       enue Code of 1986 (relating to returns by exempt organi-  
7       zations) is amended by redesignating subsection (e) as  
8       subsection (f) and by inserting after subsection (d) the  
9       following new subsection:

1       “(e) ADDITIONAL REQUIREMENT FOR TAX-EXEMPT  
2 ORGANIZATIONS.—

3           “(1) IN GENERAL.—Except as provided in para-  
4 graph (2), any organization described in section  
5 501(c)(3) or 501(c)(4) and any separate segregated  
6 fund described in section 527(f)(3) maintained by  
7 such organization, which is subject to the require-  
8 ments of subsection (a) shall—

9           “(A) advise each contributor of the avail-  
10 ability of a disclosure statement described in  
11 paragraph (3), and

12           “(B) shall furnish such statement upon  
13 written request to—

14           “(i) such contributor, or

15           “(ii) any potential contributor,  
16 within 30 days of such request.

17       “(2) EXCEPTION.—Paragraph (1) shall not  
18 apply to—

19           “(A) any organization described in clause  
20 (ii) or (iii) of section 170(b)(1)(A)), or

21           “(B) any organization the gross receipts of  
22 which in each taxable year are normally not  
23 more than \$100,000.

24       “(3) DISCLOSURE STATEMENT.—The disclosure  
25 statement described in this paragraph is a statement

1 for the most recent taxable year for which a return  
2 under subsection (a) has been filed, which contains  
3 the information described in—

4 “(A) paragraphs (1), (2), and (3) of sub-  
5 section (b), and

6 “(B) paragraphs (6) and (7) of subsection  
7 (b), but only with respect to—

8 “(i) the 5 highest compensated indi-  
9 viduals of the organization for such taxable  
10 year, and

11 “(ii) any other individual whose total  
12 compensation and other payments from  
13 such organization for such taxable year ex-  
14 ceeds \$100,000.

15 “(4) PROCESSING FEES.—Any organization  
16 furnishing a disclosure statement under this sub-  
17 section may require that a self-addressed, stamped  
18 envelope and a fee not to exceed \$2 to cover the  
19 costs of copying and mailing such statement be in-  
20 cluded in the written request for such statement.”.

21 (b) PENALTY FOR FAILURE TO MEET REQUIRE-  
22 MENTS.—Paragraph (1) of section 6652(c) of the Internal  
23 Revenue Code of 1986 (relating to returns by exempt or-  
24 ganizations and by certain trusts) is amended by adding  
25 at the end the following new subparagraph:

1           “(E) DISCLOSURE STATEMENT.—In the  
2           case of a failure to comply with the require-  
3           ments of section 6033(e)(1) (relating to disclo-  
4           sure statements provided upon request), there  
5           shall be paid by the person failing to meet such  
6           requirements \$50 for each day during which  
7           such failure continues.”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9           this section shall take effect on January 1, 1994.

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