

Committee on Ways and Means

H.R. 5596

**Legislation to Reform Section 527 Political Organization Disclosure
Introduced by Congressman Brady (TX)
(with Congressmen Doggett, Vitter, Pomeroy, Shays, and Meehan)**

PURPOSE: To amend section 527 of the Internal Revenue Code of 1986 to eliminate notification and return requirements for State and local party committees and candidate committees and avoid duplicate reporting by certain State and local political committees of information required to be reported and made publicly available under State law, and for other purposes, the bill makes the following changes to current law:

Initial Registration (Form 8871)

- The bill removes state/local candidates and state/local party committees from filing. Federal candidates and committees already reported to FEC never had file Form 8871.
- The only filers will be state/local PACs. The bill will now require these groups to update form if they move or if some material change occurs, etc.

Periodic Reporting (Form 8872)

- The bill exempts state/local groups that engage in only state or local activity and that are subject to a state reporting regime.
- The bill places restrictions on federal candidates or office holders from materially participating in a 527 group.
- The bill requires a 527 group to add the date and purpose of expenditures and the date of contributions as required information on the Form 8872.
- The bill requires 527 groups with contributions over \$25,000 to file Form 8872. Those with contributions over \$50,000 are required to file electronically.

Annual Income Tax Filing (Form 1120-POL)

- The bill removes the filing requirement for organizations with gross receipts of \$25,000 or more.

Information Reporting (Form 990)

- The bill exempts all PACS that report to FEC from filing Form 990
- The bill exempts all state/local candidate committees from filing Form 990
- The bill exempts qualified state/local PACS, except those with over \$100,00 in annual receipts from filing Form 990.
- The bill requires the IRS to modify Form 990 to make it more useful.

Other New Provisions

- The bill requires the Internal Revenue Service to upgrade their website to improve the searchability of reports.