

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 8914  
OFFERED BY MR. SMITH OF MISSOURI**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “University Account-  
3 ability Act”.

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

7       (a) IN GENERAL.—Part I of subchapter B of chapter  
8 68 of the Internal Revenue Code of 1986 is amended by  
9 adding at the end the following new section:

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

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

17       “(b) TIMING OF LIABILITY.—

1           “(1) IN GENERAL.—A specified tax-exempt edu-  
2           cational institution shall be liable for the penalty im-  
3           posed under subsection (a) with respect to any de-  
4           termination of civil rights violation on the date of  
5           the judgment referred to in subsection (e).

6           “(2) REVERSAL OF DETERMINATIONS.—In the  
7           event that any determination of civil rights violation  
8           is vacated, overturned, or otherwise reversed, the  
9           Secretary shall refund any penalty paid with respect  
10          to the determination of civil rights violation. The  
11          preceding sentence shall not be interpreted to pre-  
12          vent the application of this section with respect to  
13          any determination of civil rights violation that is re-  
14          instated or otherwise redetermined following any  
15          such reversal.

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

18                 “(1) IN GENERAL.—The term ‘determination of  
19                 civil rights violation’ means, with respect to any  
20                 specified tax-exempt educational institution, any civil  
21                 judgment of a Federal court of competent jurisdic-  
22                 tion that such institution violated any provision of  
23                 title VI of the Civil Rights Act of 1964.

24                 “(2) AUTHORITY TO TREAT CERTAIN JUDG-  
25                 MENTS AS A SINGLE DETERMINATION OF CIVIL

1 RIGHTS VIOLATION.—If the Secretary determines  
2 that two or more judgments are based on the same  
3 set of facts and circumstances, such judgments shall  
4 be treated as a single determination of civil rights  
5 violation for purposes of this section, section 501(s),  
6 and such provisions of section 6033(o) as the Sec-  
7 retary determines appropriate.

8 “(d) APPLICABLE PENALTY AMOUNT.—For purposes  
9 of this section—

10 “(1) IN GENERAL.—The term ‘applicable pen-  
11 alty amount’ means, with respect to each determina-  
12 tion of civil rights violation made with respect to any  
13 specified tax-exempt educational institution, the  
14 greater of—

15 “(A) \$100,000, or

16 “(B) in the case of an institution subject  
17 to the requirements of section 6033(a), 5 per-  
18 cent of the aggregate administrative compensa-  
19 tion paid by such specified tax-exempt edu-  
20 cational institution during the taxable year in  
21 which such violation occurred.

22 “(2) ADMINISTRATIVE COMPENSATION.—The  
23 term ‘administrative compensation’ means, with re-  
24 spect to any specified tax-exempt educational institu-  
25 tion, the compensation and other payments de-

1       scribed in section 6033(b)(7) made by such institu-  
2       tion.

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

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

12      (b) MANDATORY REVIEW OF EXEMPT STATUS UPON  
13      REPEATED CIVIL RIGHTS VIOLATIONS.—Section 501 of  
14      such Code is amended by adding at the end the following  
15      new subsection:

16      “(s) MANDATORY REVIEW OF EXEMPT STATUS OF  
17      CERTAIN EDUCATIONAL INSTITUTIONS WITH REPEATED  
18      CIVIL RIGHTS VIOLATIONS.—Upon any determination of  
19      civil right violation (as defined in section 6720D(e)) with  
20      respect to any specified tax-exempt educational institution  
21      (as defined in section 6720D(e)), if such determination is  
22      not one of the first 2 such determinations (made after the  
23      date of the enactment of this subsection) with respect to  
24      such institution, the Secretary shall conduct a review to  
25      determine if such institution remains an organization de-

1 scribed in subsection (c) which is entitled to exemption  
2 from tax under subsection (a). Any determination which  
3 is vacated, overturned, or otherwise reversed shall not be  
4 taken into account under the preceding sentence (unless  
5 subsequently reinstated or otherwise redetermined).”.

6 (c) REPORTING BY SPECIFIED TAX-EXEMPT EDU-  
7 CATIONAL INSTITUTIONS OF DETERMINATIONS OF CIVIL  
8 RIGHTS VIOLATION.—Section 6033 of such Code is  
9 amended by redesignating subsection (o) as subsection (p)  
10 and by inserting after subsection (n) the following new  
11 subsection:

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

14 “(1) IN GENERAL.—Every specified tax-exempt  
15 educational institution (as defined in section  
16 6720D(c)) which is subject to the requirements of  
17 subsection (a) shall, on the return required under  
18 subsection (a) for the taxable year, include the fol-  
19 lowing:

20 “(A) With respect to each determination of  
21 civil rights violation (as defined in section  
22 6720D(c)) made with respect to such institu-  
23 tion during such taxable year:

24 “(i) A description of such determina-  
25 tion (including the date of such determina-

1           tion) and of the civil rights violation to  
2           which such determination relates.

3           “(ii) The number of determinations of  
4           civil rights violation (determined by dis-  
5           regarding determinations not taken into  
6           account under the last sentence of section  
7           501(s)) made with respect to such institu-  
8           tion before such determination (and after  
9           the date of the enactment of this sub-  
10          section).

11          “(iii) Such other information as the  
12          Secretary may require.

13          “(B) With respect to each determination of  
14          civil rights violation (as defined in section  
15          6720D(c)) which is vacated, overturned, or oth-  
16          erwise reversed during such taxable year:

17               “(i) A description of the order or  
18               judgment which so reversed such deter-  
19               mination, including the date of such order  
20               or judgment.

21               “(ii) The information described in  
22               subparagraph (A)(i) with respect to the de-  
23               termination so reversed.

24               “(iii) Such other information as the  
25               Secretary may require.

1           “(2) APPLICATION TO STATE COLLEGES AND  
2           UNIVERSITIES.—Every specified tax-exempt edu-  
3           cational institution (as defined in section 6720D(e))  
4           which is described in section 511(a)(2)(B) shall, for  
5           any taxable year with respect to which there is a de-  
6           termination of civil rights violation described in sub-  
7           paragraph (A) or (B) of paragraph (1) with respect  
8           to such institution, file an annual return that con-  
9           tains the information described in such subpara-  
10          graphs. The penalties applicable to returns required  
11          under subsection (a) shall apply to returns required  
12          under this paragraph.”.

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

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

16          (e) EFFECTIVE DATE.—The amendments made by  
17          this section shall apply with respect to determinations of  
18          civil rights violation made after the date of the enactment  
19          of this Act.

