AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 9771

OFFERED BY MR. SMITH OF MISSOURI

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Stopping Foreign Influence in Elections Act of 2026".

SEC. 2. PENALTIES WITH RESPECT TO CONTRIBUTIONS TO POLITICAL COMMITTEES FROM CERTAIN TAX EXEMPT ORGANIZATIONS THAT ACCEPT CONTRIBUTIONS FROM FOREIGN NATIONALS.

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

"SEC. 6720D. CONTRIBUTIONS TO POLITICAL COMMITTEES FROM CERTAIN TAX EXEMPT ORGANIZATIONS THAT ACCEPT CONTRIBUTIONS FROM FOREIGN NATIONALS.

"(a) IN GENERAL.—Any specified tax exempt organization that makes any disqualified political committee contribution shall pay a penalty equal to twice the amount of such contribution.

"(b) DISQUALIFIED POLITICAL COMMITTEE CONTRIBUTION.—For purposes of this section—

"(1) IN GENERAL.—The term 'disqualified political committee contribution' means, with respect to any organization described in section 501(c), any contribution made by such organization to a political entity if such organization received, during the testing period, any contribution or gift (within the meaning of section 6033(b)(5)) from a foreign national (as defined in section 319(b) of the Federal Election Campaign Act of 1971).

"(2) POLITICAL ENTITY.—The term 'political entity' means—

"(A) a political committee (as defined in section 301 of the Federal Election Campaign Act of 1971), or

"(B) any organization described in section 501(c)(4) and exempt from taxation under section 501(a).

"(3) TESTING PERIOD.—The term 'testing period' means, with respect to any contribution by an organization described in section 501(c), the 2-year period ending on the date of such contribution, except that such period shall not include any period before the date of the enactment of this section.

"(4) Reliance on representation.—For purposes of paragraph (1), an organization may rely on the representation of a donor as to the nationality of such donor unless such organization knows or should have known that such representation is false.

"(c) Specified Tax Exempt Organization.—For purposes of this section, the term 'specified tax exempt organization' means, with respect to any taxable year, any organization described in section 501(c) which is required to file an annual return under section 6033(a)(1) for such taxable year if—

"(1) the gross receipts of such organization for the preceding taxable year equal or exceed $200,000, or

"(2) the assets of such organization (determined as of the close of such preceding taxable year) equal or exceed $500,000.".

(b) Treatment of Organizations Making Disqualified Political Committee Contribution.—Section 501 of such Code is amended by adding at the end the following new subsection:

"(s) Treatment of Organizations Making Disqualified Political Committee Contributions.—

"(1) IN GENERAL.—In the case of any organization described in subsection (c) which makes a disqualified political committee contribution—

"(A) if such contribution is the first disqualified political committee contribution made by such organization, there shall be imposed a tax on such organization of an amount equal to 100 percent of such contribution,

"(B) if such contribution is the second disqualified political committee contribution made by such organization, there shall be imposed a tax on such organization of an amount equal to 200 percent of such contribution, or

"(C) if such contribution is any disqualified political committee contribution subsequent to the second disqualified political committee contribution made by such organization—

"(i) there shall be imposed a tax on such organization of an amount equal to 200 percent of such contribution, and

"(ii) such organization shall not be exempt from taxation under subsection (a) during the 2-year period beginning on the date on which such contribution is made.

"(2) RULE OF APPLICATION FOR ORGANIZATIONS NOT MAKING DISQUALIFIED POLITICAL COMMITTEE CONTRIBUTIONS FOR 2 YEARS.—In the case of any organization described in subsection (c) which does not make a disqualified political committee contribution during any 2-year period, any determination of the number of such contributions made by such organization for purposes of paragraph (1) shall be made without regard to any contribution made before such 2-year period.

"(3) DISQUALIFIED POLITICAL COMMITTEE CONTRIBUTIONS.—For purposes of this subsection, the term 'disqualified political committee contributions' has the meaning given such term in section 6720D(b).".

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

"Sec. 6720D. Contributions to political committees from certain tax exempt organizations that accept contributions from foreign nationals.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to contributions made after the date which is 1 year after the date of the enactment of this Act.