DESCRIPTION OF H.R. 9771, THE "STOPPING FOREIGN INFLUENCE IN ELECTIONS ACT OF 2026"

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on July 22, 2026

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION

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INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup for July 22, 2026, of H.R. 9771, the "Stopping Foreign Influence in Elections Act of 2026." This document,[1] prepared by the staff of the Joint Committee on Taxation, provides a description of the mark.

[1] This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 9771, the "Stopping Foreign Influence in Elections Act of 2026"* (JCX-36-26), July 20, 2026. This document can also be found on the Joint Committee on Taxation website at www.jct.gov. All section references in the document are to the Internal Revenue Code of 1986, as amended (the "Code"), unless otherwise stated.

A. Penalties with Respect to Contributions to Political Committees from Certain Tax-Exempt Organizations that Accept Contributions from Foreign Nationals

Present Law

Section 501(c) tax-exempt organizations

Section 501(c) describes 28 different categories of organizations that generally are exempt from Federal income tax.[2] Different rules apply to political campaign activities (including political campaign contributions) of such organizations depending upon the category of section 501(c) under which an organization is described. The restrictions on an organization's political campaign activities generally become more stringent as the Federal tax benefits potentially available to the organization or to the organization's donors increase.

Section 501(c)(3) provides tax-exempt status to certain nonprofit entities organized and operated exclusively for charitable, religious, educational, or certain other purposes, provided that no part of the net earnings of the organization inures to the benefit of any private shareholder or individual. Organizations described in section 501(c)(3), which generally are referred to as "charities," are classified as either public charities or private foundations.[3] In addition to the tax-exempt status conferred on organizations described in section 501(c)(3), charitable contributions to such organizations are tax-deductible to the donor for Federal income, estate, and gift tax purposes.[4] In addition, section 501(c)(3) organizations are eligible for certain tax-exempt financing benefits.[5]

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[2] Sec. 501(c)(1) through (19) and (21) through (29). These "tax-exempt organizations" generally are exempt from Federal income tax on income derived from activities substantially related to their exempt purposes and on their investment income. Such organizations generally are subject to tax (unrelated business income tax, or "UBIT") on any income derived from business activities that are regularly carried on and not substantially related to their exempt purposes. Secs. 511-514.

[3] Sec. 509(a). Private foundations are defined under section 509(a) as all organizations described in section 501(c)(3) other than the organizations granted public charity status by reason of: (1) being a specific type of organization (*i.e.*, churches, educational institutions, hospitals and certain other medical organizations, certain organizations providing assistance to colleges and universities, a governmental unit, or certain veterans' organizations); (2) receiving a substantial part of its support from governmental units or direct or indirect contributions from the general public; (3) providing support to another section 501(c)(3) entity that is not a private foundation (*i.e.*, being a "supporting organization"); or (4) being organized and operated exclusively for testing for public safety. In contrast to public charities, private foundations generally are funded from one or a limited number of sources (an individual, family, or corporation) and are subject to restrictions not applicable to public charities. In general, more generous charitable contribution deduction rules apply to gifts to public charities.

[4] See secs. 170, 642(c), 2055(a)(2), 2106(a)(2)(A)(ii), and 2522(a)(2). Organizations described in section 501(c)(3) generally are eligible for reduced postal rates and, depending on the applicable State and local laws, may also be eligible for State and local income, property, and sales tax benefits.

[5] See sec. 145.

Among the other types of organizations described in section 501(c) are social welfare organizations (sec. 501(c)(4)),[6] labor organizations (sec. 501(c)(5)), and trade associations or civic leagues (sec. 501(c)(6)). These entities and other tax-exempt organizations that are not described in section 501(c)(3) (*i.e.*, non-charities) generally are not eligible to receive contributions that are deductible as charitable contributions to the donor for Federal income or estate tax purposes, but they may receive contributions that are deductible under section 162 as a business expense.[7] Additionally, these entities generally are not eligible to receive contributions that are deductible as charitable contributions to the donor for Federal gift tax purposes;[8] however, the gift tax does not apply to a transfer to these organizations.[9]

Description of Proposal

The proposal provides that, in the case of a tax-exempt organization described in section 501(c) which makes a disqualified political committee contribution: (1) if the contribution is the first disqualified political committee contribution made by the organization, there is a tax imposed on the organization equal to 100 percent of the contribution; (2) if the contribution is the second disqualified political committee contribution made by the organization, a tax is imposed on the organization equal to 200 percent of the contribution; or (3) if the contribution is the third or any subsequent disqualified political committee contribution made by the organization, there is a tax imposed on the organization equal to 200 percent of each such contribution, and the organization is not exempt from Federal income tax during the two-year period beginning on the date on which such contribution is made. For purposes of the taxes described above, if the tax-exempt organization does not make a disqualified political committee contribution during any two-year period, the determination of the number of disqualified political committee contributions made by the organization is made without regard to any disqualified political committee contribution made before the two-year period.

The term "disqualified political committee contribution" means, with respect to a tax-exempt organization described in section 501(c), any contribution made by the organization to a political entity if the organization received, during the testing period, any contribution or gift[10] from a foreign national.[11] An organization described in section 501(c) may rely on the

[6] An organization described in sec. 501(c)(4) is a civic league or organization not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes. This definition will not apply to an entity unless no part of the net earnings of the entity inures to the benefit of any private shareholder or individual. Sec. 501(c)(4).

[7] See secs. 170(c) (listing eligible organizations for purposes of the income tax deduction), and secs. 2055(a), and 2106(a)(2)(A) (listing eligible organizations for purposes of the estate tax deduction).

[8] See sec. 2522(a) (listing eligible organizations for purposes of the gift tax charitable deduction).

[9] Sec. 2501(a)(6).

[10] Within the meaning of section 6033(b)(5).

[11] For this purpose, a "foreign national" means (1) a foreign principal, except that the term "foreign

representation of a donor as to the nationality of the donor unless the organization knows or should have known that the representation is false.

The term "political entity" means a political committee or a social welfare organization described in section 501(c)(4) and exempt from taxation under section 501(a). The term "political committee" means (1) any committee, club, association, or other group of persons which receives contributions aggregating in excess of $1,000 during a calendar year or which makes expenditures aggregating in excess of $1,000 during a calendar year; (2) any separate segregated fund;[12] or (3) any local committee of a political party which receives contributions aggregating in excess of $5,000 during a calendar year, or makes payments that are not contributions or expenditures that aggregate in excess of $5,000 during a calendar year, or makes contributions aggregating in excess of $1,000 during a calendar year or makes expenditures aggregating in excess of $1,000 during a calendar year.[13] The term "testing period" means, with respect to any contribution by a tax-exempt organization described in section 501(c), the two-year period ending on the date of the organization's contribution, except that the period does not include any period before the date of enactment.

Additionally, under the proposal, a specified tax exempt organization that makes a disqualified political committee contribution must pay a penalty equal to twice the amount of the contribution. Thus, for the first disqualified political committee contribution made by a specified tax-exempt organization, the organization is subject to a penalty and taxes equal to 300 hundred percent of such contribution. The term "specified tax exempt organization" means, for any taxable year, any tax-exempt organization described in section 501(c) which is required to file an annual return under section 6033(a)(1) for the taxable year if (1) the gross receipts of the organization for the preceding taxable year are at least $200,000, or (2) the assets of such organization, determined as of the close of the preceding taxable year, are at least $500,000.

Effective Date

The proposal is effective for contributions made after the date which is one year after the date of enactment.

national" does not include any individual who is a U.S. citizen, or (2) an individual who is not a U.S. citizen or a national of the United States, and who is not lawfully admitted for permanent residence. Sec. 319(b) of the Federal Election Campaign Act of 1971 (52 U.S.C. sec. 30121(b)).

[12] As established under 52 U.S.C. sec. 30118(b).

[13] As defined in section 301 of the Federal Election Campaign Act of 1971 (52 U.S.C. sec. 30101).

B. Estimated Revenue Effects of the Proposal

The proposal is estimated to increase Federal fiscal year budget receipts by less than $500,000 over the 2027-2036 budget window.