Bill that takes aim at nonprofits passes in House

Minnah Arshad

USA TODAY

The Stop Terror-Financing and Tax Penalties on American Hostages Act passed by a vote of 219-184 largely along party lines, with 15 Democrats supporting the bill and one Republican voting in opposition. NATHAN HOWARD/REUTERS FILE

The U.S. House passed a bill Thursday that would authorize the treasury secretary to designate nonprofit organizations as supporters of terrorism and strip them of tax-exempt status.

The Stop Terror-Financing and Tax Penalties on American Hostages Act, or HR 9495, passed by a vote of 219-184 largely along party lines, with 15 Democrats supporting the bill and one Republican voting in opposition.

If it passes the Senate and is signed into law, HR 9495 would give the treasury secretary, a position appointed by the president, the authority to designate a nonprofit as a "terrorist supporting organization" if they determine the group provided material support or resources to a terrorist group within the past three years. The secretary would also have the authority to revoke an organization's tax-exempt status and decide when the designation would end.

HR 9495 also proposes an amendment to the Internal Revenue Code to postpone tax deadlines and reimburse late fees for Americans who are wrongfully detained or held hostage abroad. A similar measure was unanimously approved by the Senate earlier this year and is not expected to face any opposition as a stand-alone bill.

Proponents of the nonprofit designation portion of the bill, or HR 6408, champion it as a way to strengthen the government's stance against supporters of terrorism. "The financing of terrorism and extremism should not have preferential treatment under the U.S. tax code. I think this should be a nobrainer," Rep. David Kustoff, R-Tenn., said on the House floor Thursday.

The American Civil Liberties Union, NAACP, Greenpeace USA and Planned Parenthood are among the groups that oppose the measure. In a letter sent to congressional leaders earlier this week, the coalition said the bill "creates a high risk of politicized and discriminatory enforcement." It also argues the executive branch already has "extensive authority" to prohibit transactions with entities that it deems connected to terrorism.

Kia Hamadanchy, senior policy counsel at ACLU, said Thursday that the bill enables authority that is "ripe for abuse" and could be devastating for nonprofits, including humanitarian aid organizations, advocacy groups, news outlets and universities.

"This is not an authority that the executive branch should have, no matter who the president might be," Hamadanchy said.

In addition to federal corporate taxes, organizations will pay a steep price in "stigma," he said, noting that donors and banks will likely not want to finance designated groups out of fear of being associated with terrorism support as well.

"When you do this to somebody without any sort of due process, for a lot of organizations, it's going to cause a death spiral," Hamadanchy said.

A similar version of the nonprofit designation bill had received sweeping support in the House in April with 179 Democrats voting in favor, but it died in the Senate. The House voted 256-145 on HR 9495 on Nov. 12 with 52 Democrats in support of it, but it failed because it required a two-thirds majority.

The ACLU said members of Congress received over 100,000 messages from constituents urging their representatives to oppose the bill. While it passed with a simple majority when it was brought back Thursday, only 15 Democrats voted in favor.

With the Senate's current Democratic majority, HR 9495 may not become law this session, but Hamadanchy said nonprofits are worried the bill will return next year when Republicans have control of both chambers of Congress.

Saturday, 11/23/2024 Page .A010

Copyright © 2024 Detroit Free Press 11/23/2024

Copyright © 2024 Detroit Free Press 11/23/2024 Use of this site signifies your agreement to the <u>Terms of Service</u> and <u>Privacy Policy.</u> Use of this site signifies your agreement to the <u>Terms of Service</u> and <u>Privacy Policy.</u>

Powered by TECNAVIA