

America Forward Fact Sheet

H.R. 9495 - Stop Terror-Financing and Tax Penalties on America Hostages Act

Overview and Key Provisions

On November 21, 2024, the U.S. House of Representatives passed H.R. 9495, the *Stop Terror-Financing and Tax Penalties on American Hostages Act*, by a vote of 219-184. This legislation addresses two primary issues: postponing tax deadlines for Americans held hostage and terminating the “tax-exempt status of [nonprofit] terrorist-supporting organizations.”

This fact sheet addresses stakeholders’ concerns with the bill’s provisions related to terminating nonprofits’ tax-exempt status. Specifically, H.R. 9495 would:

- Grant the Treasury Secretary unilateral authority to revoke the 501(c)(3) tax-exempt status of nonprofits determined by the Treasury Department to provide “material support or resources” in support of terrorism.¹
- Nonprofits designated as a “terrorist supporting organization” then have 90 days to “cure” the designation by either demonstrating “to the satisfaction of the Secretary” that they did not, in fact, provide such support or resources or made a reasonable attempt to have that support and resources returned to their organization.
- If the Secretary rejects a nonprofit’s attempt to “cure,” the nonprofit can then appeal for a Treasury Department administrative review and then to federal court.

Legislative Status

- **House Action:** Initially, the bill failed an expedited vote under suspension of the rules that required a two-thirds majority (with 256 voting in favor and 145 opposed).² The bill later passed by a simple, party-line majority vote (with 219 voting in favor and 184 opposed) on November 21 under normal order.
- **Senate Outlook:** Following passage in the House, the bill now moves to the Senate, where its future is uncertain due to:
 - Stakeholders’ concerns about constitutional safeguards and potential abuse.
 - Timing challenges during a lame-duck session.
 - Likely opposition from the Biden administration, which is expected to veto the bill if passed (Congress currently lacks the votes to override a Presidential veto).

¹ Federal law defines “material support and resources” as “any property, tangible or intangible, or service,” including an extensive list of examples (e.g., currency, training, expert advice or assistance, transportation). See 18 U.S.C. 2339(A), available at <https://www.law.cornell.edu/uscode/text/18/2339A>.

² When a bill is brought up “under suspension” in the House, no amendments other than the bill sponsor’s can be proposed and debate is limited to 40 minutes. House leadership pursues bills under suspension when time is limited and they believe the bill is very likely to pass with overwhelming support. See <https://www.congressionalinstitute.org/112th-congress-house-floor-procedures-manual/viii-suspension-of-the-rules/>.

- **119th Congress:** If the Senate doesn't take up the bill this Congress, the 119th Congress could take up new versions of the bill after the Congress begins on January 3, 2025.

Concerns Raised by Nonprofits

A variety of nonprofit organizations and advocates have raised concerns with the bill, including:

- **Potential Overreach and Due Process Issues:** The bill risks arbitrary or politically motivated enforcement, lacking sufficient due process for affected organizations.
- **Impact on Advocacy:** The bill could stifle legitimate nonprofit activities and advocacy.
- **Redundancy:** Existing mechanisms under U.S. Code Title 18, Section 2339 already address nonprofit support for terrorism with established safeguards against abuse.

Prominent organizations representing the nonprofit and philanthropic sectors, including the Council on Foundations, Independent Sector, National Council of Nonprofits, and United Philanthropy Forum have issued a [joint statement](#) opposing the bill, noting that it creates redundancies and confusion while providing the executive branch with expansive authority that could be abused. The ACLU issued a similar [letter](#) opposing the legislation signed by approximately 300 groups.

Questions to Consider Before Engaging

While H.R. 9495 has raised concerns within the nonprofit sector, not all organizations have chosen to engage in advocacy opposing the bill. Nonprofits considering whether or not to take action might reflect on the following questions before deciding how to proceed:

- **Mission Alignment & Advocacy Capacity:** Some organizations (e.g., those focused on international aid) might view this legislation as closely related to their core mission; whereas some organizations (e.g., those focused on early childhood education) might view the legislation as tangential to their mission. Organizations sometimes choose to limit their advocacy engagement and Congressional outreach to issues directly related to their programmatic missions.
- **Repercussions:** Some nonprofits have voiced concerns that publicly opposing the bill could draw undue scrutiny from regulators or the public and/or that advocacy against the bill could be misinterpreted as favoring insufficient oversight of nonprofits.
- **Current Legal Compliance:** This potential action by Treasury is only one mechanism to challenge a nonprofits' tax-exempt status. This is a good time to conduct a "check up" of your organization to ensure that it is in compliance with lobbying and other rules relating to maintaining 501(c)(3) tax status. [The Alliance for Justice's Bolder Advocacy](#) resources have helpful guides to federal law related to nonprofits ([who can lobby under certain restrictions](#)).

You can also contact our America Forward team to discuss questions you might have about the bill. Please direct inquiries to Anthony Covell, Manager of Government Affairs at America Forward: anthony_covell@newprofit.org.

Potential Responses

The following are steps to consider if your organization chooses to engage on this issue and oppose the legislation:

- If your organization wants to oppose movement of the bill in the Senate, the next step is to contact your Senators, as the bill has passed the House. Sample language regarding the bill in the House [can be found here](#).
- Track the progress of this legislation in the 118th and 119th Congress at [Congress.gov](https://www.congress.gov).
- Visit [Independent Sector](#), [Council on Foundations](#), or [National Council of Nonprofits](#) for information and advocacy resources on this legislation.
- Partner with other nonprofits or advocacy groups already engaging on this issue to amplify your voice.
- Host informational sessions for your board, staff, or stakeholders to explain the implications of the bill and its potential impact on your organization and sector.