

H.R. 6408, a bill to amend the Internal Revenue Code of 1986 to terminate the tax-exempt status of terrorist supporting organizations

As reported by the House Committee on Ways and Means on December 19, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	0	0	0
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between -\$500,000 and \$500,000.			

H.R. 6408 would suspend the tax-exempt status of organizations that support terrorism. Under current law, an entity’s tax-exempt status is suspended if it is designated by the Department of State as a terrorist organization. H.R. 6408 would extend that prohibition to include organizations identified as having provided material support or resources to a terrorist or terrorist-supporting organization within the prior three years. The bill would establish procedures for the department to provide notice to those organizations, for organizations to refute the designation, and for designations to be rescinded.

The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) will be the official estimates for all tax legislation considered by the Congress. As such, CBO incorporates those estimates into its cost estimates of the effects of legislation. All of the estimates for the revenue provisions of H.R. 6408 were provided by JCT.¹

1. See Joint Committee on Taxation, *Description of the Chairman’s Amendment in the Nature of a Substitute to H.R. 6408*, JCX-56-23 (November 29, 2023), www.jct.gov/publications/2023/jcx-56-23, and *Description of H.R. 6408, A Bill to Terminate the Tax-Exempt Status of Terrorist Supporting Organizations*, JCX-53-23 (November 8, 2023), www.jct.gov/publications/2023/jcx-53-23.



For this estimate, CBO and JCT assume that the bill will be enacted in fiscal year 2024.

JCT estimates that enacting H.R. 6408 would result in a negligible increase in revenues over the 2024-2033 period.

Using data from the Internal Revenue Service about designated terrorist organizations, CBO expects that few additional organizations would be so designated. As a result, CBO estimates that implementing H.R. 6408 would increase administrative costs for the Internal Revenue Service and the Department of State by less than \$500,000 over the 2024-2028 period; any spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Nathaniel Frenz. The estimate was reviewed by John McClelland, Director of Tax Analysis.

A handwritten signature in black ink, appearing to read 'Phillip L. Swagel', with a long, sweeping flourish extending to the right.

Phillip L. Swagel
Director, Congressional Budget Office