

**From:** Representative Jimmy Panetta CA19JPima@mail.house.gov  
**Subject:** Congressman Panetta Response  
**Date:** November 21, 2024 at 9:06 AM  
**To:** rachel@well.com

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**JIMMY PANETTA**  
19<sup>TH</sup> DISTRICT, CALIFORNIA

COMMITTEE ON WAYS AND MEANS  
COMMITTEE ON ARMED SERVICES  
COMMITTEE ON BUDGET  
CHIEF DEPUTY WHIP



**Congress of the United States**  
House of Representatives  
Washington, DC 20515

304 CANNON HOUSE OFFICE BUILDING  
1200 AGUAJITO ROAD, SUITE 003  
MONTEREY, CA 93940  
701 OCEAN STREET, ROOM 318C  
SANTA CRUZ, CA 95060  
841 BLOSSOM HILL ROAD, SUITE 209  
SAN JOSE, CA 95123  
800 PINE STREET  
PASO ROBLES, CA 93446

November 21, 2024

Dear Friend,

Thank you for contacting me to share your opinion about H.R. 9495, the bipartisan Stop Terror-Financing and Tax Penalties on American Hostages Act. I appreciate your interest in the issues facing California's 19th Congressional District, and I welcome the opportunity to respond.

The bipartisan Stop Terror-Financing and Tax Penalties on American Hostages Act establishes relief from missed federal tax deadlines for individuals who are being held hostage or who have been wrongfully detained abroad. It also expands the authority of the Secretary of the Treasury to suspend the tax-exempt status of non-profit organizations that provide material support to listed terrorist entities but allows non-profits to prove that they are not providing such support and appeal any decision. The bipartisan legislation provides numerous safeguards for due process to non-profits while allowing the government to prevent U.S. non-profits from providing material support to listed terrorist entities. The bill allows those same organizations to appeal such a decision with the full and transparent opportunity to demonstrate that they are not providing such support. The bill does not grant the administration authorities more expansive than existing powers and has several safeguards built in to allow non-profits to dispute the revocation of their tax-exempt status.

To further address your concerns, the information below details the Democratic involvement in authoring the bill, the significant amount of Democratic support for the bill, and the necessary safeguards and appellate process that are in the bill.

#### **Democrats Wrote and Supported the Bill**

The bipartisan Stop Terror-Financing and Tax Penalties on American Hostages Act was **authored and formulated by Democrats and Republicans** in the House Ways and Means Committee. The original version of the bill, H.R. 6408, focused on the authority given to a Treasury secretary to suspend the tax-exempt status of non-profits organizations that provide material support to listed terrorist entities. During the formulation of the bill, Democrats ensured that there were numerous guardrails in the legislation to ensure proper due process. On November 30, 2023, we voted on the bill's passage out of the Committee. H.R. 6408 passed with unanimous support with **every Democrat** present on the Committee, including myself, having **voted for the bill**.

On April 15, 2024, H.R. 6408, was voted on by the U.S. House of Representatives. The bill passed the House with overwhelmingly bipartisan support of 382 votes. During that vote, **179 Democrats voted for the bill**.

**H.R. 9495 was then authored and formulated by Democrats and Republicans** in the House Ways and Means Committee. The legislation included the provision on the relief from missed federal tax deadlines for individuals who are being held hostage or who have been wrongfully detained abroad as well as the exact same provisions of **H.R. 6408 that concern the authorities that the Department of Treasury has related to tax-exempt status for organizations that support to terrorist entities**. On September 11, 2024, we voted on the bill's passage out of Committee. H.R. 9495, passed with unanimous support and with **every Democrat** present on the Committee, including myself, having voted for the bill.

On November 12, 2024, after this year's presidential election, H.R. 9495, was voted on by the House of Representatives. The bill received bipartisan support with 256 votes. During that vote, 52 Democrats voted for the bill. The bill was then brought back to the House for a vote on November 21, 2024 and passed with bipartisan support, including my vote.

#### **Democrats Secured Safeguards and Appellate Processes In The Bill**

H.R. 9495 includes **numerous safeguards** to prevent the law from being abused as well as **numerous provisions to dispute and appeal** any decision by a Treasury Secretary.

Those safeguards and provisions include:

- Notice of the intent to revoke a non-profit status by a Treasury secretary must be provided to any organization;
- The notice of intent to revoke must include details of the organization's material support, as defined by law, for a terrorist entity;
- Once notice is provided, the organization is allowed a 90-day curing period in which it can keep its non-profit status;
- The organization is then allowed the opportunity make a reasonable effort to retract any support given to the terrorist organization and certify in writing that it will not provide any further support;
- The organization may use the curing period to demonstrate that they did not provide the alleged material support or resources;
- Organizations can also dispute the loss of their non-profit status through the IRS Independent Office of Appeals, an independent organization within the IRS designed to examine the evidence and administratively settle cases. That office reviews the case in the same manner as other IRS non-profit status disputes;
- Organizations can dispute the revocation of their status through U.S. district courts which have exclusive jurisdiction to review a final determination.

#### **Basis For the Bill From The Biden Administration**

According to the **Biden Administration's 2022 National-Terrorist-Financing-Risk Assessment** terrorist entities have misused non-profit organizations to support their activities. While most charities based in the United States adhere to the law, the Biden Administration increased banking due diligence expectations to deal with this threat. The Biden Administration found that a nonprofit based out of Afghanistan was used to finance the terrorist entity ISIS in 2020 and solicited donations online. This is a common tactic for the terrorist entity Al Qaeda as well. Researchers further found that charitable organizations are one of the most common vehicles the terrorist entity Hamas use to collect funds from western non-profits as middlemen and redirect the funding to terrorist activities. Attempts to shut down those types of charities have led to mixed results, and there is evidence that they still exist in 12 countries including the U.S.

Based on the above **assessment by the Democratic Biden Administration** and the concerns about terrorism from many of the constituents in California's diverse 19th Congressional District and many others across our nation, this type of bipartisan legislation is necessary to prevent the funding of terrorist entities. **The provisions about revoking tax-exempt status of organizations were written by Democrats and supported by every Democrat on the Ways and Means Committee.** The legislation with those provisions was then **supported by an overwhelming number of Democrats in the U.S. House of Representatives.** That vote by the House occurred in the **middle of the presidential election** and passed with overwhelming support from both sides of the aisle. Now, after the election, many have changed their tune due to their politics and results of the election.

I realize that politics can play into the perception of legislation. However, I try my best to operate based on the merits of the policy for the people, rather than politics of fear. Moreover, my confidence in this legislation is also based on my familiarity with it as a member of the Ways and Means Committee. Democrats on the Ways and Means Committee took the time to fight for and obtain the numerous safeguards and appeals that are in the legislation.

I will continue to fight to ensure that there remain checks and balances in our system and support legislation that prevents authorities from being abused by the executive branch. An example of my work is my NATO Support Act, which passed into law last year. That bill ensures that an administration cannot unilaterally withdraw from the North Atlantic Treaty Organization (NATO). Another example of my fight to ensure a strong system of checks and balances is my work to prevent a President from using the International Emergency Economic Powers Act to levy damaging tariffs.

The incoming Administration will test our political fortitude. That is exactly why I ensure that our policies are secure with guardrails and appeals, as I did in H.R. 9495. Moreover, as I have proven in the past, I will continue to fight against any abuse of power through a system of checks and balances that is secure, strong, and steadfast.

Thank you, again, for contacting me to share your opinion. If I ever can be of assistance in the future, please contact my office by calling (202) 225-2861. You can also follow my work on [Twitter](#) or [Facebook](#) or by visiting my [website](#) and signing up for my [e-newsletter](#). It is an honor to serve you as your U.S. Representative.

Sincerely,



Jimmy Panetta  
United States Representative  
19th Congressional District, California