

Vote No on Bill to Delay and Prohibit New IRS Rules on 501(c)(4) Standards

February 10, 2014

Dear Ways and Means Committee Member:

Our organizations are writing to express our strong opposition to legislation under consideration by the House Ways and Means Committee that would mandate a one-year delay in the current rulemaking by the Treasury Department/Internal Revenue Service to modify regulations governing standards for “social welfare” organizations under section 501(c)(4) of the Internal Revenue Code.

The legislation would also prohibit the Treasury Department/IRS from modifying the rules used to determine whether an organization is operated exclusively for the promotion of social welfare for purposes of tax code Section 501(c)(4). This prohibition would stop the adoption of new rules needed in order to properly comply with the Internal Revenue Code and court decisions interpreting the Code.

We strongly urge you to vote against this legislation currently scheduled for markup by the Ways and Means Committee on February 11, 2014.

Our organizations include Americans for Campaign Reform, the Brennan Center for Justice, the Campaign Legal Center, Citizens for Responsibility and Ethics in Washington (CREW), Common Cause, Democracy 21, Demos, League of Women Voters, Public Citizen, The Sunlight Foundation and U.S. PIRG.

The Treasury Department/IRS rulemaking is long overdue as the current regulations governing these activities were adopted more than a half century ago and are obsolete.

Since the *Citizens United* decision by the Supreme Court in 2010 that opened the door to election spending by corporations, including non-profit corporations, section 501(c)(4) groups have been used as vehicles for funneling hundreds of millions of dollars of money into federal campaigns from sources that are undisclosed. This has severely undermined the fundamental principle, long embodied in the Nation’s campaign finance laws, that the public has a right to know the identity of those providing funds to influence federal elections.

This fundamental disclosure principle was upheld in an 8 to 1 decision by the Supreme Court in *Citizens United* that found that campaign finance disclosure requirements for 501(c)(4) groups, such as *Citizens United*, were constitutional and necessary to inform voters about campaign spending to influence their votes.

The rulemaking is moving through a careful review process to receive and consider comments from the public. We recognize that changes are called for in the initial Treasury Department/IRS proposal, such as the need to except nonpartisan registration and nonpartisan get out the vote activities from the definition of “candidate-related political activity.” There has been bipartisan support for such changes in the proposal.

However, there is no legitimate justification for delaying the current rulemaking which will only serve to prolong the opportunity for the abuses of the tax laws that have resulted in hundreds of millions of dollars of undisclosed “dark” money flowing into federal elections. The delay will also continue the uncertainty that non-profit organizations on both sides of the aisle feel concerning the vague rules that currently exist.

We strongly urge you to oppose the legislation in the Ways and Means Committee scheduled for markup on February 11, 2014 that would delay or otherwise hinder the current IRS rulemaking.

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