

Vote No on H.R 3865, a Bill to Restrict New IRS Rules on 501(c)(4) Standards

February 24, 2014

Dear Representative:

Our organizations are writing to express our strong opposition to H.R. 3865, legislation scheduled for consideration by the House this week.

H.R. 3865 would prohibit the Treasury Department/IRS from adopting necessary revisions in the rules used to determine whether an organization is operating exclusively for the promotion of social welfare for purposes of tax code Section 501(c)(4). The legislation would prevent the IRS from adopting regulations that are needed in order for the existing regulations to properly comply with the Internal Revenue Code and court decisions interpreting the Code.

The legislation also would mandate a one-year delay in the current rulemaking by the Treasury Department/IRS to modify the regulations governing eligibility for tax-exempt status as a “social welfare” organization under section 501(c)(4) of the Code.

We strongly urge you to vote against H.R. 3865, which would perpetuate abuses of the tax laws by groups seeking to hide the donors financing their campaign expenditures.

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 501(c)(4) groups were adopted more than a half century ago and are now 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 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 exempt 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 “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 vote against H.R 3865.

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