



July 6, 2015

The Honorable John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Dear Commissioner Koskinen:

We write concerning a [report](#) in today's *New York Times* which questions your agency's willingness to enforce our laws governing political campaign-related spending by non-profit organizations. We urge you to reject the article's premise and make a public commitment to the fair administration of our tax laws during the 2016 election cycle.

According to the article:

As presidential candidates find new ways to exploit secret donations from tax-exempt groups, hobbled regulators at the Internal Revenue Service appear certain to delay trying to curb widespread abuses at nonprofits until after the 2016 election.

...

The groups are able to carry out many of the same political activities as candidates and their affiliated "super PACs" but do not have to disclose where they get their money, allowing total anonymity for donors.

While the nonprofit groups are supposed to limit their political activity, the I.R.S. appears powerless to stop the onslaught of money coursing through them.

...

With scant enforcement, some nonprofits have become huge political operations.

Eric Lichtblau, "I.R.S. Expected to Stand Aside as Nonprofits Increase Role in 2016 Race," N.Y. Times, July 5, 2015, available at <http://nyti.ms/1M5khdW>.

As you know, in recent years partisan political operatives have exploited I.R.S. regulations to funnel hundreds of millions of dollars through sham nonprofit organizations into our elections. Nonprofit organizations under Section 501(c) are attractive vehicles for campaign-related spending because, unlike political committees, they provide donors with total anonymity. With

the explosive increase in campaign-related spending after *Citizens United*, now is precisely when we need the I.R.S. to do its job and enforce the law.

[According to an analysis](#) by the Center for Responsive Politics, 501(c)(4) social welfare organizations (the most frequently-used entity over the past few years) have spent more than \$470 million from secret sources to influence campaigns.¹ Disturbingly, this spending has come in the wake of existing law which requires social welfare organizations to be “operated exclusively” for the promotion of social welfare. 26 U.S.C. § 501(c)(4). Furthermore, social welfare activities do not include “direct or indirect participation or intervention in political campaigns.” 26 C.F.R. § 1.501(c)(4)-1(a)(2)(ii).

We were pleased when the I.R.S and the Treasury Department initiated a rulemaking in 2013 to clarify what constitutes candidate-related political activity. Although the initial proposed rules had significant flaws (as Common Cause explained in our [formal comments](#)), the first notice of proposed rulemaking marked a welcome first step toward ending the flagrant abuse of our tax laws to hide secret political money. Published reports have indicated that the agency is working on another proposal after reviewing the tens of thousands of comments that the first draft generated. We welcomed the recent news when the Office of Management and Budget referenced a second notice of proposed rulemaking on political campaign intervention in the Spring 2015 Unified Agenda of Regulatory and Deregulatory Actions.

Despite these important actions, today’s article in the *New York Times* indicates that the I.R.S. is willing to permit continued misuse of nonprofit organizations to circumvent transparency in political spending. The I.R.S. should not be intimidated by those whose motivating purpose is to protect secrecy in our elections.

We urge you to commit publicly to the fair enforcement of our tax laws in the 2016 election cycle before this scandal deepens further.

Sincerely,

/s/ Miles Rapoport

Miles Rapoport
President
Common Cause

¹ Center for Responsive Politics, Political Nonprofits,
http://www.opensecrets.org/outsidespending/nonprof_summ.php (last accessed July 6, 2015).