

United States Senate

WASHINGTON, DC 20510

February 18, 2014

The Honorable John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224-0001

Dear Commissioner Koskinen:

Over the past year, action by the Internal Revenue Service (IRS) has troubled many taxpayers and caused many to lose trust in the agency's ability to fairly administer our nation's tax laws. As the new commissioner of the IRS, we are hopeful that you can begin to restore public confidence in the agency. An important first step towards this aim would be to reconsider the agency's proposed rulemaking issued on November 29, 2013 and subsequent comment period related to the qualification requirements for tax-exemption as a social welfare organization under Section 501(c)(4) of the Internal Revenue Code. Rather than evoking confidence and fairness in our nation's tax administration, the proposal regarding political activity suggests the agency's attack on social welfare organizations because of their political views is alive and well.

The proposed regulations broadly define candidate-related political activity, which could put social welfare organizations at risk of losing their tax-exempt status. Under the proposed definition, social welfare organizations would face limitations on their participation in even the most benign activity of non-partisan voter registration drives. The IRS's own webpage dedicated to defining 501(c)(4)s describes eligible organizations as those committed to "bringing about civic betterment."¹ Unfortunately, the proposed regulations would prevent social welfare organizations from promoting the most basic civic duty of voting. In addition, while the rulemaking is overly broad in its definition of candidate-related political activity, it is simultaneously narrow in its application. Conspicuously absent from the guidance is the mention of stricter limits on the political activities of other tax-exempt organizations, such as labor unions. This is particularly troubling in the wake of revelations of political targeting of conservative social welfare organizations at the IRS.

In light of these concerns, the IRS should suspend its rulemaking. The IRS is not the appropriate agency to regulate political activity as the proposal delineates given its lack of subject-matter expertise and role as impartial administrator of our nation's tax laws. At a minimum, the IRS should not finalize any regulations related to political activity that would jeopardize the rights established by the First Amendment or be applied selectively to tax-exempt organizations. We appreciate your attention to this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Barrasso", is written over a horizontal line. The signature is fluid and cursive.

¹ "Social Welfare Organizations." The Internal Revenue Service, 8 Mar. 2013. Web. 9 Jan. 2014.
<<http://www.irs.gov/Charities-&-Non-Profits/Other-Non-Profits/Social-Welfare-Organizations>>.

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