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Bright Lines Project Submits Legislation to Congress to Fix Tax Law on Political Activity

There may be a silver lining to the crisis at the Internal Revenue Service, as the news of the last two months has revealed serious defects in the IRS administration of rules on political activity by tax-exempt organizations. Take a look at www.brightlinesproject.org.

For the last four years, the Bright Lines Project, sponsored first by OMB Watch and now by Public Citizen, has had a drafting committee of nine experts in tax-exempt law working on a proposal to replace the vague IRS “facts and circumstances” approach to cases of political campaign activity with bright-line definitions and safe harbors. I serve as chair of that committee, with Beth Kingsley of Harmon Curran as vice-chair, and my partner Rosemary Fei as a member as well.

Since Congress mandated that the IRS enforce the prohibition on political intervention by 501(c)(3) charities and enacted other sections of the Internal Revenue Code limiting and taxing political campaign activities, Congress should now provide clear, objective standards to limit and guide IRS discretion in these sensitive cases.

I am proud to announce that the Bright Lines Project has submitted, to interested members of the House and Senate, our recommendations for a new section 4956 of the Internal Revenue Code to define political intervention, along with amendments to section 527 so that the standards for tax-exemption will be universal and consistent throughout the Code.

To see our work product, visit www.brightlinesproject.org.

Our primary objective was increased clarity. But we also knew we had to balance two contending policy goals: the prevention of big money abuse and the protection of free speech and encouragement of civic participation. So we’ve tried to go right down the middle. No one gets everything they want. But everyone gets something we’ve never had before—a road map with clear pathways for nonprofit organizations to play a genuine role in our democracy without fear of the IRS.

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ABOUT OUR BLOG

Nonprofit Law Matters looks at legal issues in the nonprofit and tax-exempt organizations world. Written by the attorneys and paralegals of Adler & Colvin, it provides updates and analysis regarding philanthropy, charity, and other exempt organization issues.

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