ADLER & COLVIN

BLOG POST

AUGUST 20, 2026

H.R. 9721: Fiscal Sponsorship in the Halls of Congress

If enacted, **H.R. 9721, the Fiscal Sponsorship Transparency Act** (the "Act"), would require tax-exempt organizations to disclose substantial information (name of each party, aggregate amount of funds made available or transferred to the fiscally sponsored project, description of activities, name of the individual leading the project, and date on which the arrangement began) about certain fiscal sponsorship arrangements on IRS Form 990 and would impose excise taxes on organizations for failing to exercise proper discretion and control over fiscal sponsorship projects. Private foundations and donor-advised funds are exempt from these requirements.

Proponents of the Act say they are concerned about bad actors that may take advantage of fiscal sponsorship arrangements that are not publicly known and not disclosed to the IRS.

On the other hand, nonprofit sector leaders **have urged legislators** to withdraw the Act and work with nonprofit sector organizations to clarify the bill in ways that advance fiscal sponsorship as a key vehicle for charitable work while ensuring appropriate oversight and transparency.

The Act was introduced in the United States House of Representatives in early July and quickly advanced to the House Ways and Means Committee. The Department of the Treasury, which includes the Internal Revenue Service ("IRS"), **publicly stated its intent to make changes to IRS Form 990** to gather additional information about who is operating a project, who controls project funds, and how those funds are being used.

Our firm is in contact with the IRS to lend our expertise as they think about what these 990 changes look like.

We are monitoring the developments of the Act and several other bills introduced around the same time that would also affect nonprofit organizations (e.g., **H.R. 9771, the "Stopping Foreign Influence in Elections Act of 2026,"** **H.R. 9772, the "Foreign Funding Transparency Act,"** and **H.R. 9722, the "Fair Treatment of Religious Organizations Act of 2026"**).

Keep in mind that publicly supported charities can lobby Congress (or any other legislature) within limits, and some fiscal sponsors may even be able to rely on the "self-defense exception" (which **we explained** a couple of years ago in connection with another bill in Congress) to influence votes on HR 9721 without concern about the lobbying limit. (The other bills mentioned above may also support the use of this exception by charities or private foundations to the extent that each bill might "affect

RELATED CATEGORIES

- Fiscal Sponsorship
- IRS
- Nonprofit Structures, Relationships & Affiliations
- Public Charities

AUTHOR

Wendy Hernandez
Associate

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.

EDITORS

Eric K. Gorovitz
Principal

the existence of the [electing public charity/private foundation], its powers and duties, its tax-exempt status, or the deductibility of contributions to" the organization.) Other exceptions may also be available, depending on the circumstances and with appropriate legal advice.

Adler & Colvin | 135 Main Street | 20th Floor | San Francisco, CA 94105 | (415) 421-7555 www.adlercolvin.com