

APRIL 14, 2014

Top 25 Comments on IRS Proposed Political Activity Rules: #20 — Rep. Chris Van Hollen, Public Citizen, Democracy 21, Campaign Legal Center

“Conformity with the statute requires that the IRS amend its regulation to require that § 501(c)(4) organizations pursue promotion of social welfare to the exclusion of other activities, including electoral activity, that do not constitute promotion of social welfare; or, at most, that such non-social welfare activities be de minimis and insubstantial.”

This [group](#) had previously filed a lawsuit against the IRS demanding that the Service commence rulemaking to revise the 501(c)(4) regulations, but voluntarily dismissed the suit upon the IRS's initiation of this rulemaking. They take the minority position that social welfare organizations are not meant to engage in any candidate-related activity *whatsoever*, by the plain language of the statute: “The regulation’s distortion of the language is comparable to that of a person who claims to be in an ‘exclusive’ relationship with someone else because he cheats on her only 49% of the time.” There is a certain purity to their position, but the IRS has long interpreted “exclusively” for charities to allow an insubstantial amount of non-charitable activity. Permitting a 49% level of non-exempt activity is probably too much. Still, stamping out *all* nonprofit political activity could very well push it out of the tax-exempt system into the shadowy realm of for-profit LLCs, where business interests dominate and the public interest disappears.

RELATED CATEGORIES

- Tax Treatment of Lobbying & Political Activities
- Unions, Associations, Clubs & Other Tax-Exempt Organizations

AUTHOR



A&C Alumni

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