

**Congress of the United States**  
**Washington, DC 20515**

June 8, 2016

The Honorable Harold Rogers  
Chairman  
Committee on Appropriations  
H-305, The Capitol  
Washington, D.C. 20515

The Honorable Nita M. Lowey  
Ranking Member  
Committee on Appropriations  
1016 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Rogers and Ranking Member Lowey,

We write to express our concern about the inclusion of a rider in the FY 2017 Financial Services and General Government Appropriations bill that would limit the ability of the Internal Revenue Service (IRS) to issue guidance on actions by 501(c)(4) organizations that constitute political activity. We respectfully ask that this provision be removed and excluded from any future legislation funding government operations.

As you know, Section 501(c)(4) of the Internal Revenue Code provides a tax exemption to organizations that are “operated exclusively for the promotion of social welfare.” According to Treasury Regulation §1.501(c)(4)-1(a)(2), these organizations meet that statutory definition if “primarily engaged” in promoting social welfare. This regulation also specifies that “[t]he promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office.”

However, recent evidence indicates that 501(c)(4) organizations have increased their political activity beyond what was envisioned by the law and Treasury regulations. According to the Center for Responsive Politics, spending on political activity by these entities has increased from \$1.26 million in 2006 to \$257.24 million in the 2012 presidential election. This evidence raises the question of whether these organizations exist primarily to promote social welfare or if their primary objective is to participate in political campaigns.

The IRS has continually looked at the facts and circumstances of whether 501(c)(4) organizations are focused on supporting social welfare. Under Revenue Ruling 2004-6, the IRS carries out resource-intensive, case-by-case examinations to determine if these organizations are engaged in political campaign activity. Due to the growth in the number of cases to be examined and the lack of definitive rules, the IRS, on November 29, 2013, announced a Notice of Proposed Rulemaking to provide a clearer definition of what is considered “candidate-related political activity” by 501(c)(4) organizations.

Unfortunately, the 2016 Omnibus Appropriations Act contained a rider prohibiting the IRS from issuing, revising, or finalizing guidance that would provide a clear definition of "candidate-related political activity" for 501(c)(4) organizations. Section 127 of Division E of that bill specifically stated that the IRS cannot issue a rule "relating to the standard which is used to determine whether an organization is operated exclusively for the promotion of the social welfare for purposes of section 501(c)(4) of the Internal Revenue Code." This provision has also been included in the version of the FY 2017 Financial Services and General Government Appropriations bill that the Committee will soon consider.

Given our commitment to transparency, we strongly urge you to strike the 501(c)(4) rider from all future funding bills. Congress should not use an appropriations measure to impede the IRS's legal authority to improve upon this area of the law. Efforts to impede the IRS's ability to do its job ultimately harm American taxpayers and have no place in the appropriations process. We respectfully ask that such a provision not be included in any bill considered by the House of Representatives. Thank you for your consideration of this request and we look forward to working with you further.

Sincerely,



XAVIER BECERRA  
Member of Congress

cc:

The Honorable Ander Crenshaw, Chairman of the Appropriations Subcommittee on  
Financial Services and General Government

The Honorable José E. Serrano, Ranking Member of the Appropriations Subcommittee  
on Financial Services and General Government



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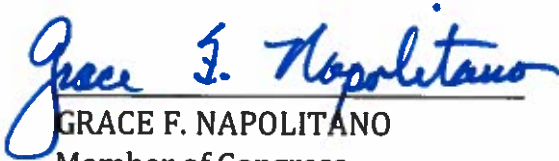
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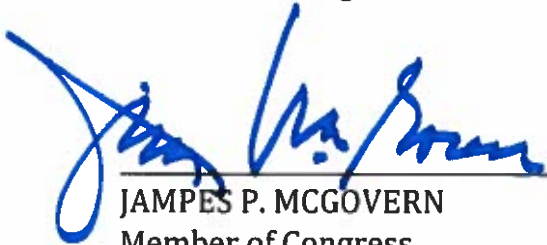
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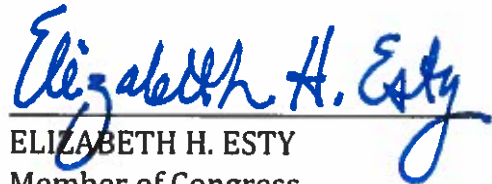
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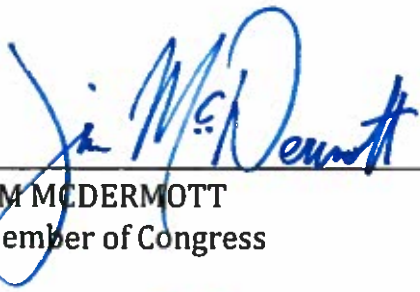
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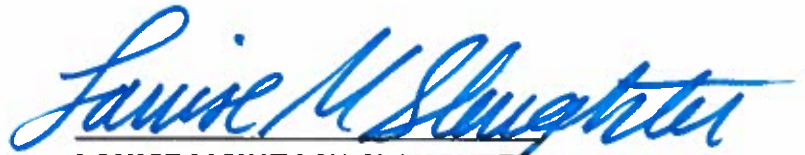
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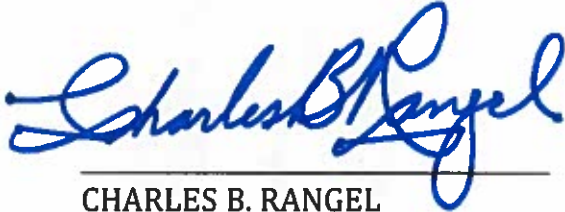
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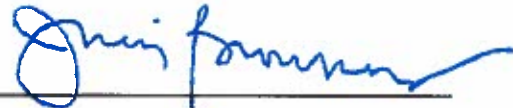
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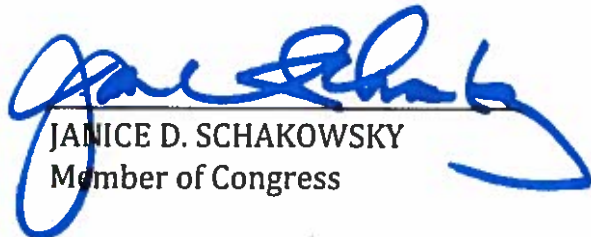
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