



May 19, 2017

House Committee on Ways and Means, Oversight Subcommittee
1100 Longworth House Office Building
1 Independence Avenue SE
Washington, DC 20003

RE: Political Activity Guidance for Nonprofit Organizations

Dear Chairman Buchanan, Ranking Member Lewis, and Subcommittee Members;

As the Committee begins the difficult work of reforming the Internal Revenue Service and the Internal Revenue Code, we at the Bright Lines Project write to urge the committee to pay particular attention to ensuring that the Code's definition of political activity for nonprofit organizations is workable for the Service and especially for nonprofits themselves.

The Bright Lines Project (BLP) has been advocating for clarity in this area of the law for years, because we have seen first-hand that imprecision in the Code has not only caused confusion at the Service, but also has chilled the activities of nonprofit organizations, particularly those organized under section 501(c)(3). A better system of rules, such as that the BLP has proposed, would enable groups to engage fully in nonpartisan civic participation activities, while making enforcement easier for the Service.

As the Committee considers the best way forward for this area of law, we ask that you encourage your colleagues on the Appropriations Committee to lift the budget rider preventing the Treasury Department and the Service from providing any guidance on the rules governing political activity for 501(c)(4) organizations. The rider was initially included in the 2016 Consolidated Appropriations Act and has remained in force ever since. At a time when new rules are urgently needed in this space, the rider has now for years halted progress in this area affecting all nonprofits. Even when the changes to be proposed by this Committee are final, nonprofits will need the valuable advice Treasury and the Service can provide, and the rider could serve to tie their hands and prevent them from offering clear, predictable advice.

We also strongly encourage you to preserve the ban on 501(c)(3) electioneering on candidates for public office. The law as it is written allows those organizations to speak out on issues

important to them, no matter how controversial, but protects them from partisan manipulation and exploitation. We join with the thousands of faith-based and secular groups that have asked that this valuable provision remain in force.

The BLP has been working for years to perfect a clear, fair, system of rules that are easy to follow and easy to enforce. We have proposed a series of bright lines closely defining political violations as well as safe harbors so that tax-exempt organizations can engage in nonpartisan speech freely without fear of IRS interference. One of our safe harbors would protect individual oral statements made during church services and other nonprofit meetings without subjecting the organization to any financial examination. For additional information, we've attached our letter encouraging the Treasury Department to make better rules for (c)(3)s and more information about our plan to reform the rules in this area.

Sincerely,

Greg Colvin and Beth Kingsley, Co-Chairs
Bright Lines Project Drafting Committee