

Group urges IRS to crackdown on 501c4s and President to make recess appointments to the FEC

With the explosion of Super PAC spending in the presidential primary providing a troubling preview of coming attractions, Chief Deputy Whip Peter Welch (D-Vt.) today led 32 House Democrats in an effort to get federal watchdogs back on the beat in the post-Citizens United world.

“The spigots of spending have been opened and the rules of the campaign road are muddier now than ever before,” Welch said. “While we work to overturn the horribly misguided Supreme Court decision, federal agencies should send a clear signal that there is a cop on the beat enforcing federal laws.”

Welch and his colleagues are calling on the Internal Revenue Service (IRS) to investigate whether nonprofit 501(c)(4) organizations affiliated with Super PACs – such as Crossroads GPS, the Karl Rove-backed group spending millions of dollars in campaigns across the country – are in violation of federal law and IRS regulations. Groups qualifying for nonprofit tax-exempt status are generally prohibited by law from engaging in political activity.

Welch is also calling on President Obama to use his constitutional authority to fill five openings on the six-member Federal Election Commission (FEC) during the next recess of the United States Senate, which begins Friday. Because of partisanship and gridlock in the Senate, the FEC is widely viewed as a paralyzed and ineffective agency. Five of the six commissioners’ terms have expired. In a letter to Obama, Welch is urging him to fill these five seats so the FEC can immediately get back to work policing the new campaign landscape.

Welch’s letters are copied below. Members signing include: Peter Welch (D-Vt.), Bruce Braley (D-Iowa), Joe Courtney (D-Conn.), Ted Deutch (D-Fla.), Lloyd Doggett (D-Texas), Anna Eshoo (D-Calif.), Sam Farr (D-Calif.), Luis Gutierrez (D-Ill.), Nydia Velazquez (D-N.Y.), Gary Ackerman (D-N.Y.), Earl Blumenauer (D-Ore.), Michael Capuano (D-Mass.), Steve Cohen (D-Tenn.), John Conyers (D-Mich.), Donna Edwards (D-Md.), Keith Ellison (D-Minn.), Bob Filner (D-Calif.), George Miller (D-Calif.), Raul Grijalva (D-Ariz.), Alcee Hastings (D-Fla.), Maurice Hinchey (D-N.Y.), Jesse Jackson Jr. (D-Ill.), Hank Johnson (D-Ga.), Eleanor Holmes Norton (D-D.C.), John Olver (D-Mass.), Jared Polis (D-Colo.), Charles Rangel (D-N.Y.), John Sarbanes (D-Md.),

Jan Shakowsky (D-Ill.), Louise Slaughter (D-N.Y.), Chris Van Hollen (D-Md.) and John Yarmuth (D-Ky.).

The Honorable Barack Obama

President of the United States

The White House

Washington, DC 20500

Dear Mr. President:

In the post-Citizens United era, Super PACs have opened the spigots of spending on political campaigns and the rules of the campaign trail are muddier now than ever before.

The Federal Election Commission (FEC) was created by Congress to be the public's watch dog overseeing federal elections. Partisan gridlock at the FEC and in the United States Senate, however, has rendered the FEC feckless at a moment when their guidance and enforcement is needed most.

We urge you to use your constitutional authority to make recess appoints to fill the five FEC vacancies during the next Senate recess. Doing so will breathe life into this important agency and send a clear signal to those seeking to exploit an uncertain campaign landscape that the cop is back on the beat and that federal election laws will be fully enforced.

Sincerely,

PETER WELCH

Member of Congress

The Honorable Douglas Shulman,

Commissioner

Internal Revenue Service

1111 Constitution Avenue, N.W.

Washington, D.C. 20224

Dear Commissioner Shulman:

We write to urge the Internal Revenue Service (IRS) to investigate whether any groups qualifying as social welfare organizations under section 501(c)(4) of the federal tax code are

improperly engaged in political campaign activity.

Congress created a tax break for nonprofit social welfare organizations because communities across our country benefit greatly from their important work. The purpose of 501 (c)(4) organizations is to increase civic engagement and foster social improvements.

IRS regulations state that an organization is operated for the promotion of social welfare “if it is primarily engaged in promoting in some way the common good and general welfare of the people of a community.” The regulations further state that the “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.” In other words, activities that promote social welfare do not include political campaign activities. Thus, as stated in IRS training materials, “an organization exempt under section 501(c)(4) may engage in political campaign activities if those activities are not the organization’s primary activity.”

In light of recent reports about the political activities of certain social welfare organizations, we respectfully request that the IRS review these organizations and take appropriate actions to ensure that they are in full compliance with all federal tax laws. We urge you to investigate and stop any abuse of the federal tax laws by groups whose primary activity and true mission are to influence the outcome of federal elections.

Sincerely,

PETER WELCH
Member of Congress