

Money in Politics eBlast

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League of Women Voters of Boulder County



Disclosure and Transparency
Diminished.

IRS Rules Change Hides Nonprofit
Donor Identities

"Not being heard is no reason for silence."
Victor Hugo, *Les Misérables*, 1862

On July 16, 2018, the US Treasury, headed by Steven Mnuchin, said [it will no longer require certain tax-exempt organizations to identify their financial donors](#) to IRS authorities. The League of Women Voters (League) and others who support great transparency oppose this move.

There are twenty-nine types of nonprofit corporations in the IRS code, including the well-known 501(c)(3) designation for religious, educational, charitable, etc. organizations. The Treasury's change in policy is NOT directed at 501(c)(3)s, but at "certain" nonprofit organizations like:

- **501(c)(4)**: social welfare, civic leagues, and local associations of employees; examples: National Rifle Association and the Sierra Club
- **501(c)(5)**: Labor, agricultural, and horticultural; examples: American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), American Federation of State, County and Municipal Employees (AFSCME), Working America
- **501(c)(6)**: business leagues, chambers of commerce, real estate boards, etc.; examples: The US Chamber of Commerce, The American Medical Association, PhRMA, Freedom Partners Chamber of Commerce, Americans for Job Security

This new policy is in stark opposition to LWVUS's recommendation to strengthen existing rules:

Strengthen and enforce 501(c)(4) political activity rules (action by the Internal Revenue Service; IRS). To be tax-exempt as a social welfare organization according to the Internal Revenue Code (IRC) section 501(c)(4), an organization must not be organized for profit and must be operated exclusively to promote social welfare. It is argued 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. However, under long-standing IRS regulations, a section 501(c)(4) social welfare organization is allowed to engage in some political activities, so long as that is not its primary activity. There is need for strict enforcement of the rules applicable to 501(c)(4)s. The IRS could close loopholes that allow unlimited secret spending in elections by 501(c)(4) groups while protecting truly non-partisan voter service activity.

See [MiP Options for Reform](#)

What can you do to combat the corruptive influences of "dark money" in national politics?

1. CALL your elected officials to ask that they support the DISCLOSE Act, reintroduced in both houses of Congress this summer. This legislation proposes amending the Federal Election Campaign Act of 1971 (FECA) to, among other actions, disclose donations from corporations, labor organizations, and other special interests including foreign donors.
2. NEGATIVE ADS? JUST SAY NO. The vast majority of negative ads are "dark money" ads. They're designed to motivate voters in ways that benefit donors. Russian trolls? Anonymous LLC's? Friends? Foes? Who can tell? Don't get sucked in!
3. LEARN ABOUT DARK MONEY at the federal level on the Open Secrets website:
[Open Secrets: Dark Money Basics](#)
[Open Secrets: Dark Money Reports](#)
4. JOIN the League of Women Voters and other organizations working against the power of dark money. Here are some ideas to start you out:
[League Information](#)
[League Action](#)
5. MOTIVATE OTHERS! We can overcome the influence of big money if we ACT. The enemies of democracy are desertion and complacency.
6. TAKE ACTION! Call, visit, e-mail, and/or write your elected officials. Go to town hall meetings to tell your story and speak your truth. Find and help candidates you support.
7. CONFIRM YOUR REGISTRATION and VOTE!!!!

Making Democracy Work for All
League of Women Voters of Boulder County

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