

## News

# US Political Spending Getting More Secretive With IRS Change

## Federal government will stop collecting donor information from certain types of nonprofit groups

By Geoff Mulvihill  
Associated Press

Political spending in the U.S. is about to become even more secretive after the IRS this week dropped a requirement that many nonprofits have to provide lists of their major donors.

The federal government will stop collecting donor information from certain types of nonprofit groups, including business associations, labor unions and “social welfare” organizations, which have become major players in the nation’s politics over the past decade.

Election watchdogs, already concerned about opaque political funding, say the lack of transparency could get worse and make it easier for certain groups to take money from foreign entities.

“Taking away a law enforcement tool is not a good idea, especially when one of the things this information could do is help look for foreign money being funneled into elections,” said Ian Vandewalker, a lawyer who works on campaign finance issues at the Brennan Center for Justice at NYU.

Meanwhile, the conservative groups that dominate this kind of political

giving are supporting the announcement. It was made late Monday, the same day President Donald Trump dominated the news cycle for his summit with Russian President Vladimir Putin.

Dan Backer, a campaign finance lawyer whose clients include Great America Alliance, a social welfare group that supports

companies, nonprofits, associations and unions. Many of them have been able to ramp up their political spending without publicly disclosing the sources of their money.

Most of these “dark money” groups are classified as social welfare organizations by the IRS. They include such disparate groups as the National Rifle Associa-

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Trump’s policies, said the information was not useful to the IRS. He said states that collected it used it to target conservatives for audits.

The rule change, he said, “takes away that weapon for state enforcement — rather for state harassment.”

Political spending throughout the country has changed significantly over the past decade.

A big part of the reason is the U.S. Supreme Court’s 2010 Citizens United ruling, which found that the government cannot limit political spending by

tion, the NAACP, organizations in Charles and David Koch’s empire of free-market groups such as Americans for Prosperity, and other organizations on both the right and left.

The Center for Responsive Politics, a Washington, D.C., nonprofit that tracks money in politics, has tallied more than \$27 million in dark money reported spent so far this year, and more than \$160 million in 2014’s mid-term elections.

The center found that the vast majority of that money is spent by groups on the right that support



This March 22, 2013 file photo shows the exterior of the Internal Revenue Service (IRS) building in Washington. The Trump administration is lifting requirements for some tax-exempt groups to disclose the identities of their donors to federal tax authorities, announced late Monday, July 16, 2018. The change benefits groups that spend millions of dollars on political ads, such as the U.S. Chamber of Commerce and an organization tied to the billionaire Koch brothers.

Republican candidates or conservative policies.

Annual political spending hits billions of dollars, but the Brennan Center found that “dark money” is concentrated in competitive elections where it can pack the biggest punch. In 2014, it amounted to more than \$1 of every \$4 spent on close U.S. Senate elections and was \$1 of every \$6 in such elections in 2016.

Several states have tried to enact laws aimed at requiring political spenders to reveal their individual donors, but federal efforts to do so have not gotten far.

While the organizations did not have to disclose to the public where their money came from, they did have to provide the IRS with a list of everyone who contributes more than \$5,000.

That’s the rule the IRS is dropping for the business associations, unions and social welfare groups, starting with tax filings that cover this year. Charities — the largest group of nonprofits — are still required to

file the papers.

The IRS said organizations must still keep records of donors that they could share if the agency requested it. The agency also said the information was not being used systematically and was at risk of being leaked.

The IRS settled a lawsuit in 2014 with the National Organization for Marriage, which opposes same-sex marriage, after its list of donors was made public. Donors to several groups, including Planned Parenthood, were accidentally made public on a California state website.

California and New York are among a handful of states that require nonprofits that solicit money in their states to file lists of donors. Mike Cooney, a Washington lawyer who represents nonprofits, said those states might be able to continue collecting donor lists even as the IRS stops doing so.

Advocates for more transparency in political spending say there are no signs that the IRS has done much in recent

years with the donor data.

Ann Ravel, a chairwoman of the Federal Election Commission under President Barack Obama, said the documents could have helped the IRS determine whether social welfare groups were meeting the requirement that they spend at least half their money on work other than politics.

“There won’t be any enforcement of that,” she said. “I guess they’re doing it purposely because they don’t really want to enforce it.”

John Pudner, executive director of Take Back Our Republic, a conservative group that calls for election spending transparency, has been pushing for regulations on credit-card campaign donations, arguing that they make it easier to hide foreign contributions. Dropping disclosure requirements for the IRS is a step in the wrong direction, he said.

“Anything that looks like an easy way to funnel money illicitly,” he said, “is logically going to lead to more money.”

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