



national committee for
responsive philanthropy

September 11, 2007

Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

To Whom It May Concern:

The National Committee for Responsive Philanthropy (NCRP) is pleased to provide comments to the IRS on the proposed revisions to the 990 tax form. As the nation's premier philanthropic watchdog organization with a 30-year track record of research and advocacy on philanthropic accountability, NCRP is well-acquainted with the concerns raised by the IRS and the need for revisions to the 990.

Because NCRP's primary purpose is to promote accountability among grantmaking organizations, not among grant seeking organizations, our comments on the draft 990 will be extremely limited.

Once revisions of the 990 tax form are completed, NCRP urges the IRS to undertake a full-scale revision process for the 990-PF tax form filed by most of the nation's more than 100,000 private foundations. The form, in its current state, does not provide adequate transparency or disclosure. If the IRS undertakes such a revision process, NCRP will be happy to share concrete ideas on how the 990-PF might be significantly improved. Private foundations now control over half a billion dollars in tax-exempt assets and the IRS tax forms for those organizations should be updated to provide the IRS and the public with essential information for proper accountability and oversight.

Regarding the draft 990, NCRP will limit its comments to Schedule C. Our lack of comments about other sections of the draft 990 should not be interpreted as support or opposition to those sections.

NCRP has long asserted that it is beneficial for our democracy that nonprofit organizations engage in public debate about the pressing issues of the day. We regularly encourage grantmakers to provide funding to nonprofits for civic engagement, policy advocacy and community organizing. Often, these kinds of allowable activities require 501(c)(3) organizations to declare some lobbying expenditures on their 990s. We are concerned that Schedule C of the draft 990, in its current form, will discourage what are and should remain fully permissible activities.

NCRP strongly supports the right of a charitable organization to engage in *lobbying activity*, and would like to make the distinction between this and *campaign activity* as clear as possible. To best avoid confusion, we recommend the IRS split Schedule C into two different forms, with one form entirely devoted to lobbying activity and the other entirely devoted to political campaign activity. The current draft of Schedule C presents some confusion regarding the two different activities; splitting the form makes it easier for nonprofits to comply with reporting requirements and for the IRS to properly monitor nonprofit lobbying and campaign activities. Organizations that participate in lobbying activity, including many 501(c)(3) organizations, would fill out the "lobbying" form and likely would not have to bother with the "political campaign" form.

NCRP values this opportunity to provide comment. If you have any questions or need additional information, you can reach me at 202.387.9177 or at adorfman@ncrp.org.

Sincerely,

Aaron Dorfman
Executive Director