



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

April 7, 2014

The Honorable Kenny Marchant
U.S. House of Representatives
Washington, DC 20515

Attention: Scott Cunningham

Dear Mr. Marchant:

I am responding to your letter dated March 4, 2014. You expressed concern regarding the status of pending Internal Revenue Code (IRC) section 501(c)(4) applications for tax-exempt status and requested an update on the disposition of those applications that were given priority status by my predecessor, Acting Commissioner Daniel Werfel.

As previously noted in Mr. Werfel's response to you dated July 23, 2013, he "directed that our Exempt Organization function place a priority on addressing those applications by offering an expedited option to groups that have had their applications pending for more than 120 days [as of May 28, 2013] and involve possible political campaign intervention or issue advocacy." The details of the optional expedited process were announced in Interim Guidance Memo TEGE-07-0613-08 (issued on June 25, 2013), and later amended in Interim Guidance Memo TEGE-07-1213-24 (issued on December 23, 2013).

The Exempt Organization function originally identified 132 organizations that were older than 120 days as of May 28, 2013, and included possible political campaign intervention or issue advocacy. Of those 132 organizations, we have closed 114 (86 percent), including 40 organizations that opted to participate in the optional expedited program. The Exempt Organization function subsequently identified another 13 cases that met the criteria for this optional expedited process. This brings the total number of organizations eligible for inclusion in the optional expedited program to 145. Of those 13 additional organizations, we have closed 12 (92 percent). Nineteen organizations of the 145 still have applications pending in various stages of the determination process, including:

- Organizations that have received proposed adverse determinations
- Organizations that have received 90-day Failure to Establish letters (which keeps the case open for an additional 90 days prior to our issuing the closing letter)
- Organizations involved in litigation against the IRS¹

¹ We are unable to issue a determination letter to those organizations involved in litigation against the IRS. Inquiries regarding the status of organizations involved in litigation against the IRS should be directed to the Department of Justice.

- Organizations where the review of their application is complete and we are processing either a favorable determination or proposed adverse determination

We are working expeditiously to resolve the remaining open cases where we can issue a final determination. At the same time, we are cognizant of our obligation to follow the steps outlined in the Interim Guidance Memos for the optional expedited process. I assure you that we are trying to bring closure to the remaining open cases as soon as possible, while also following the procedures established to achieve expedited and fair processing of section 501(c)(4) applications for tax-exempt status.

Additionally, you asked about the tax-exempt application for the Northeast Tarrant Tea Party. As stated in Mr. Werfel's July 23, 2013, response, section 6103 prohibits the disclosure of information about specific taxpayers unless an IRC provision authorizes such a disclosure. Section 6103(c) permits us to disclose to you information about a specific organization, subject to that organization's consent. Treasury Regulation section 301.6103(c)-1 sets out the requirements for a consent. Absent a consent, no specific IRC section authorizes the IRS to disclose to you information about a particular taxpayer. Therefore, we are unable to comment on the pending application for tax-exempt status for the Northeast Tarrant Tea Party.

I hope this information is helpful. If you have any questions, please contact me, or a member of your staff can contact Leonard Oursler, Director, Legislative Affairs, at (202) 317-6985.

Sincerely,



John A. Koskinen