June 16, 2014

The Honorable Dan Coats
United States Senate
493 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Coats,

On behalf of the Alliance for Charitable Reform (ACR), I would like to thank you for introducing S. 2351, the NOTICE Act. The Philanthropy Roundtable and its public policy project, ACR, are dedicated to preserving and expanding private philanthropy, as well as protecting America’s spirit of philanthropic freedom. Under these principles, we fully support the NOTICE Act.

We understand that the IRS originally intended to weed out bad actors within the sector by automatically revoking their tax exempt status if they failed to file annual information forms for three consecutive years. But unfortunately, over time, the law has morphed into a trap for organizations unaware of the requirement, who must then refile for exempt status. In turn, more and more applications are added to the IRS’s already swelling caseload. While these organizations wait to regain nonprofit approval, those who rely on their charitable services are turned away. This problem also affects our members, who must delay making grants to these organizations, creating detrimental funding gaps and delaying services even further.

Therefore we reiterate our support for this bill, which would simply require the IRS to notify organizations in danger of losing their status 60 days in advance of automatic revoking. Furthermore, allowing the IRS to reinstate tax exempt status to organizations that did not receive a notice and subsequently files an informational return would provide greater certainty not only to the organization, but also to their donors and those they serve.

Again, we thank you for introducing the NOTICE Act and your continued support of the nonprofit sector. We look forward to working with you and your staff to spread awareness about this important bill.

Sincerely,

Sandra Swirski
Executive Director
Alliance for Charitable Reform