Tempest in the tea (party) pot: Opinion

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A Morristown Tea Party rally held on the Green in this July 2010 file photo. Robert Sciarrino/The Star-Ledger

By Frank Askin

There is a scandal at the IRS. But not the one that Republicans, the media and a few deluded Democrats are yammering about.

While everybody expresses outrage over what was done to the poor, mistreated tea party — most of which was actually quite appropriate — Karl Rove is laughing all the way to the bank with hundreds of millions of dollars of secret money for use influencing American elections. As an exempt “social welfare” organization, Rove’s Crossroads GPS doesn’t have to publicly disclose its contributors, as a registered PAC would.

As for the so-called improper targeting of tea party groups applying for tax exemption under Section 501(c)(4) of the Internal Revenue Code, that exemption is set aside for “social welfare” groups that are not primarily (or “exclusively”) engaged in political activity.

If you truly believe the tea party is not a political operation, then I’ve got a bridge to sell. What sentient person who’s lived in this country for the past decade does not know the origins and purposes of the tea party movement? It was born and bred to advance a conservative, anti-Democratic political agenda.

With that kind of bull’s eye on their backs, how could local tea parties expect the IRS, which receives some 60,000 applications a year, to meekly rubber-stamp their requests for tax-exemption as non-political entities?
As the recently dismissed acting head of the IRS, Steve Miller, commented, even while apologizing for his agency’s excessive zeal, agents would have zeroed in on tea partiers anyway, as they looked for applicants that were too involved in politics.

On the other hand, the IRS has never clearly defined “social welfare” or “political” under the tax code.

Indeed, the original, congressionally enacted statute states that the exemption is reserved for organizations that engage “exclusively” in social welfare activities — think museums and symphony orchestras.

But back in 1959, the Eisenhower administration issued guidelines defining the term “exclusively” as “primarily.” Ever since, debate has raged as to whether “primarily” could be quantified and, if so, whether the quantity of non-social welfare activity that could be engaged in was 5, 10 or even 49 percent.

It’s understandable that IRS agents operate under less than clear guidelines when it comes to vetting applications for 501(c)(4) status. Nor is it true that only conservative-leaning groups were scrutinized. Groups with the term “progressive” in their names — “Progressive Texas,” “Progressive Missouri” and “Progressives United” — also were audited. And if more conservative groups were scrutinized, it’s also true that far more exemption applications were filed from the right than from the left. (Note: 501(c)(4) status exempts the recipient from taxes on the contributions it receives; donors get no deduction.)

Enter Rove and the real 501(c)(4) scandal.

While controversy swirls around penny-ante local tea parties, Rove’s Crossroads GPS has been operating for years under 501(c)(4) status, in defiance of the law and despite constant demands from reform groups that the IRS investigate its spending. But to be fair, it’s not only conservative political action groups that have avoided investigation. The well-endowed, pro-Obama Organizing for America also operates as a 501(c)(4) while the IRS looks the other way.

Here again, the IRS’ failure to define “political” gets in the way. These clearly political operations can claim that 51 percent of their expenditures are “educational,” though obviously intended to “educate” the public for political and electoral ends.

So the IRS scandal we should be focused on is the agency’s failure over some half a century to provide guidance for either the public or its own operatives on proper enforcement of the law — a law intended to help truly charitable and social welfare groups, while disallowing tax credits for those with clear electoral agendas.
Of course, Congress could legislate a solution. But that’s probably too much to ask of a body much more interested in pointing fingers than clearing the air.

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