

Congress of the United States

Washington, DC 20515

July 9, 2024

The Honorable Janet Yellen
Secretary
Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

The Honorable Danny Werfel
Commissioner
Internal Revenue Service
1111 Constitution Ave NW
Washington, DC 20224

Dear Secretary Yellen and Commissioner Werfel:

We write to express our continued concerns about the tax-exempt status of certain organizations, including the Family Research Council, which are self-identifying as “churches” or “associations of churches” to receive more favorable tax treatment than other tax-exempt organizations.

As you know, Congress has enacted special tax rules for churches, including fewer filing obligations, more safeguards from audits, and looser employee benefit requirements. Under Section 501(c)(3) of the Internal Revenue Code (Code), churches are exempt from filing IRS Form 990, which is the primary tool for tax-exempt organizations to provide transparency on their gross receipts, donations, expenses, and activities. Churches also enjoy special limitations on how and when the IRS can conduct an examination or audit: In accordance with Section 7611 of the Code, the IRS cannot conduct tax inquiries of churches without approval from a “high-level Treasury official.” Additionally, church plans for employee retirement, health and welfare benefits are not subject to the Employer Retirement Income Security Act of 1974 (ERISA) and certain provisions of the Code.

In an earlier [letter](#), which was sent to your predecessor on August 1, 2022, we expressed concerns about potential abuse of church status. In response, Commissioner Charles P. Rettig acknowledged our concerns in a [letter](#) dated November 3, 2022. He restated the commitment of the IRS to ensuring tax-exempt organizations comply with applicable tax laws, and he pointed to existing requirements for churches and religious organizations.

While we appreciate the IRS’s dedication to these matters, our concerns remain regarding transparency and the fair application of tax laws to all entities. In light of these continued concerns and the evolving landscape since our last correspondence, we request an updated response with thorough answers to the following questions:

- What changes, if any, have been implemented since our letter was sent to revise the IRS’s process for reviewing applications for church status and to prevent the misuse of this status by organizations engaged in electioneering or substantial political advocacy?
- How does the IRS evaluate an organization’s compliance with the 14 characteristics that the IRS generally attributes to a church? Are all the characteristics weighed equally, or do some hold more significance in determining an organization's status as a church?
- Beyond the recognized characteristics, the Tax Guide notes that it considers "other facts and circumstances" in determining whether an organization qualifies as a church for federal tax purposes. How would the IRS describe these additional facts and circumstances, and how do they factor into the evaluation process?

- Have any additional organizations stopped filing a Form 990 after claiming church status?
- Is existing IRS guidance sufficient to prevent abuse by organizations that self-identify as churches? What resources or statutory changes are necessary to ensure that the IRS can prevent organizations from exploiting tax-exempt church status to avoid public accountability and tax enforcement?

Under [IRS guidelines](#), no Section 501(c)(3) organizations—including churches—may “devote a substantial part of their activities to attempting to influence legislation” nor “participate in, or intervene in, any political campaign on behalf of (or in opposition to) any candidate for public office.” However, there is evidence that the Family Research Council (FRC) and other rightwing advocacy groups are engaging in substantial political advocacy.

We understand the importance of religious institutions to their congregants, and we believe that religious freedom is a cherished American value and constitutional right. We also believe that our tax code must be applied fairly and judiciously. Tax-exempt organizations should not be exploiting tax laws applicable to churches to avoid public accountability and IRS examination of their activities.

FRC is one example of an [alarming pattern](#) of rightwing advocacy groups applying for and obtaining church status. This is a claim that strains credulity: FRC does not hold religious services, does not have a congregation or affiliated congregations, and does not possess many of the other attributes of churches listed by the IRS. In its own words, FRC [describes](#) itself as a “research and educational organization dedicated to articulating and advancing a family-centered philosophy of public life. In addition to providing policy research and analysis for the legislative, executive, and judicial branches of the federal government, FRC seeks to inform the news media, the academic community, businesses leaders, and the general public about family issues that affect the nation from a biblical worldview.” Nevertheless, the FRC enjoys the privileges of church status, including the ability to shield itself from scrutiny.

Therefore, we reiterate our request for the IRS to review the status of tax-exempt organizations that have obtained church status, but do not satisfy the requirements of a church, integrated auxiliary, or convention or association of churches. We also urge the IRS to improve the process for reviewing applications from organizations seeking church status to ensure that organizations that are not churches cannot abuse the tax code. Finally, we ask the IRS to answer our questions, including information about whether existing guidance is sufficient to prevent abuse and what resources or Congressional actions are needed to ensure adequate enforcement moving forward.

We are committed to working with the IRS to support efforts to enhance transparency, accountability, and compliance among tax-exempt organizations. We appreciate the IRS’s renewed commitment to tackling abuse of our nation’s tax laws by the largest filers and organizations.

We look forward to your timely response and to hearing more about how the IRS will address these ongoing concerns.

Sincerely,



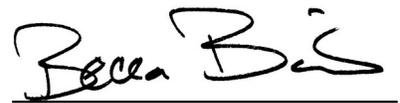
Jared Huffman
Member of Congress



Suzan K. DelBene
Member of Congress



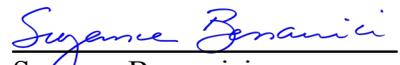
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