

TESTIMONY OF NOAH WALL  
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FREEDOMWORKS INC.  
GUIDANCE UNDER SECTION 6033 REGARDING THE REPORTING REQUIREMENTS  
OF EXEMPT ORGANIZATIONS

REPEAL OF SCHEDULE B REQUIREMENT FOR NON-501c3 ORGANIZATIONS

Good morning.

My name is Noah Wall and I am the Vice President of Advocacy for FreedomWorks Inc, a 501(c)(4) grassroots advocacy organization. Thank you for allowing me to testify today regarding the “Guidance under Section 6033 Regarding the Reporting Requirements of Exempt Organizations”, which is the proposal to eliminate the Schedule B donor disclosure requirement for non-501c3 exempt organizations.

FreedomWorks strongly supports the adoption of the proposed regulation.

My organization works with civic volunteers and donors from around the country who work for change in how Washington DC conducts the business of governing the country.

The FreedomWorks mission statement reads:

*Freedomworks works to build the nation's largest volunteer grassroots community fighting for economic freedom and personal liberty in order to preserve the blessings of a free market system for our children and grandchildren.*

By the very nature of our mission, our activists and donors are adversarial to the powers that be in Washington, based on our core values– not based on party affiliation.

We actively opposed many Obama-era proposals from Obamacare to regulations at EPA and many other policies that we believed were antithetical to FreedomWorks’ mission. Today, we are working in opposition to President Trump’s proposals to enact price controls on prescription drugs. We mobilize around and in support of our mission statement and its principles of economic freedom and personal liberty. Those are not popular principles in our nation’s capital and we know we are always the citizen-David’s fighting the giant, behemoth Washington power structure. That is the nature of our mission.

Our volunteers and donors are not just skeptical of the federal government and government power over the lives of our citizens, but they are also, to be frank, fearful of it. Others testifying today may mention the IRS targeting scandal under the leadership of the former IRS Director of Exempt Organizations, Lois Lerner. Our activists were very much victims of that targeting by the IRS because we believe that it was a government agency’s effort to silence

citizens who opposed the Obama administration's policies. Those who were not touched directly by the targeting scandal are nevertheless nervous of that clear abuse of power by the IRS.

And while the overt targeting efforts may have subsided, the mistrust of the agency continues in the hearts, minds, and memories of many of our activists and donors.

Those fears are not without foundation, not only because of the targeting of the tea party and conservative groups. We believe there is a culture within the IRS that gives rise to fears of retribution against those whose views may not coincide with the powers that be within the agency.

My background prior to joining FreedomWorks was working on Republican political campaigns in Virginia, including the Attorney General campaign of Ken Cuccinelli in 2009.

Our campaign had at least 10 donors employed by the IRS. Without exception, these 10 individuals gave contributions in amounts below the Virginia disclosure limit. When I asked one of these donors if he would give at a higher level, he told me in no uncertain terms that he was intentionally keeping his contributions below the disclosure amount because he would face retaliation from IRS coworkers if his donation to the GOP nominee was disclosed.

That is a frightening thought and it speaks directly to the very real and chilling effect that donor disclosure has on individuals. It also reveals the perceived culture within the IRS of harassment of those who give to candidates and causes disfavored by IRS leaders and employees.

The mere potential within the IRS for retaliation against donors based on a bias against those donors' political or policy views is disturbing beyond words – and reflects a very serious problem within the IRS that demands attention and should be addressed. And it is another reason why the Schedule B list of donors to conservative organizations such as mine should not be required to be turned over to the IRS. Ever.

FreedomWorks, therefore, strongly supports the proposed regulations, which would eliminate the donor disclosure requirement for non-501c3 organizations. FreedomWorks is not required under the statute to disclose our donors and we should be relieved of the current obligation imposed by administrative fiat to file a Schedule B.

Congress did not see fit to require donor disclosure for organizations such as ours and these regulations should be adopted in order to ensure that there is no doubt that, going forward, no further donor disclosure will be necessary.

We believe this regulation is in keeping with the effort by the Trump Administration to repeal burdensome regulations and, in fact, is supported by the work of the past Commissioner of the IRS John Koskinen, when he advised the Senate Judiciary Committee in 2015 that the agency was reviewing the Schedule B requirements to determine whether this filing burden on the taxpayers was justified.

FreedomWorks believes that the Schedule B is an unjustified and unjustifiable burden on taxpayers to produce lists of donors to the IRS, which is then responsible by law for maintaining the confidentiality of the Schedule B information.

There is simply no public policy reason for FreedomWorks and other citizens' organizations to disclose our donor information to the government. Any audit of a 501(c)(4) organization will allow the IRS access to that group's donor information, where it is necessary for tax administration related to that particular organization. But the agency will be able to obtain the information in a setting that ensures confidentiality, is narrowly targeted for a specific purpose, and is much less likely to result in inadvertent disclosure of confidential donor information.

Those who argue that there is some 'dark money' issue related to Schedule B filings ignore the reality that the disclosures on the Schedule B are confidential by law. Their false arguments that filing a Schedule B somehow contributes to 'transparency' are baseless.

For all of these reasons, FreedomWorks Inc supports the proposed regulation and urges its adoption in final form.

Thank you.