



AMERICANS *for* TAX REFORM

Grover G. Norquist
President

1920 L Street NW

Suite 200

Washington, DC

20036

T: (202) 785-0266

F: (202) 785-0261

www.atr.org

Dear Rep. Peter Roskam,

On behalf of Americans for Tax Reform, I write in support of H.R. 1104, the "Fair Treatment for All Donations Act." ATR strongly endorses this legislation, and urges all Members of Congress to vote for and otherwise support it.

H.R. 1104 would prevent the IRS from assessing gift tax on contributions to certain non-profit organizations. Americans for Tax Reform and most other free market groups are organized under Section 501(c)(4) of the Internal Revenue Code, and are therefore affected.

The IRS has, in the past, sought to tax donors to politically-selected non-profit groups on the conservative side of the spectrum. The mechanism to do so has been a perverse enforcement of the federal gift tax. H.R. 1104 precludes this tactic in the future.

Under federal gift tax rules, a gift giver must file a gift tax return and pay any applicable taxes for any gift of at least \$14,000 to any one person over the course of a year. The intention behind this is to prevent wealthy taxpayers from divesting their estate before they die, and before that estate is potentially subject to the death tax. The gift tax was never intended to affect voluntary donations to non-profit groups.

The IRS has tried to assert that 501(c)(4) groups are "persons" under the tax code, and therefore any donations to them in excess of \$14,000 should trigger tax consequences to the donor. No serious tax expert would say that this interpretation holds water, but it was nonetheless asserted by the IRS as recently as 2011.

It was clear then that the IRS was seeking to pervert the gift tax and use it as an intimidation device against potential donors to conservative non-profits. This was happening at the same time as Lois Lerner was denying conservative and Tea Party non-profits the ability to organize and get tax status, so it's clear the gift tax gamesmanship was part and parcel of the same conspiracy against the conservative movement by the IRS.

The gift tax arrow needs to be permanently removed from the IRS' political quiver. H.R. 1104 would do just that. The IRS should not be used as a political tool by any president, from either party.

Sincerely,

Grover Norquist
President
Americans for Tax Reform