



May 4, 2017

Congressman Mark Meadows
Chairman, Subcommittee on Government Operations
U.S. House of Representatives Committee on Oversight & Government Reform
1024 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

Dear Chairman Meadows:

Thank you for holding a hearing on the important topic of Examining a Church's Right to Free Speech. The freedom to advocate is a fundamental right for all 501(c)(3) organizations, including churches. Because this right to free speech is embedded in existing law, the North Carolina Center *for* Nonprofits calls on Congress to fully preserve the longstanding provision in 501(c)(3) of the Internal Revenue Code that strikes a perfect balance by enabling charitable nonprofits, religious institutions, and foundations to advocate while also protecting these organizations from the divisiveness and rancor of partisan politics that currently bedevils our country.

The North Carolina Center *for* Nonprofits – the largest sector-wide network of nonprofits in North Carolina, with nearly 1,500 active organizational members – is not alone in our firm opposition to any changes to this longstanding law. Last month, 396 organizations in North Carolina – charities, religious congregations, foundations, and others concerned about the health of the community, stood resolutely in opposition to changing the existing protection in Section 501(c)(3) sometimes called the “Johnson Amendment” (after then Senate Minority Leader Lyndon Johnson who offered an amendment adopted without opposition by the majority in the Senate and later passed by the Republican-controlled House and signed by President Eisenhower in 1954).

Those North Carolina organizations were part of nearly 4,500 organizations from all 50 states that signed a joint Community Letter in Support of Nonprofit Nonpartisanship. Many of our state's most trusted organizations and our nation's largest networks of Section 501(c)(3) organizations proudly signed the letter on behalf of the tens of thousands of their members. A sampling of the charitable nonprofits groups signing the letter includes: MANNA Food Bank, Literacy Council of Buncombe County, Interfaith Assistance Ministry in Hendersonville, Henderson County Free Medical Clinic, Smart Start of Transylvania County, Tryon Fine Arts Center, United Way of Asheville and Buncombe County, Foundation For The Carolinas, Urban Ministries of Wake County, Prevent Child Abuse North Carolina, Special Olympics North Carolina, Americans for the Arts, Catholic Charities USA, Council on Foundations, Feeding America, Girl Scouts USA, Goodwill Industries, Habitat for Humanity, League of Women Voters, National Council of Churches, National Council of Nonprofits, and Volunteers of America. See the enclosed Community Letter delivered to your Washington office on April 5, 2017.

These charitable, philanthropic, and religious organizations must earn the public's trust daily in order to advance their missions. And the public has made very clear that they do not want the law weakened or destroyed. A recent nationwide poll revealed that 72 percent of Americans do not want partisan politics polluting their local nonprofits or houses of worship. The opposition of religious leaders to mixing church and partisan politics is even

starker, with almost nine out of ten evangelical pastors (89 percent) declaring that they want to keep partisan politics out of their churches.

The Johnson Amendment lays out the ground rules that help insulate 501(c)(3) organizations from getting entangled in partisan politics. The law provides that charitable nonprofits can't endorse or oppose candidates for office, can't coordinate their activities with candidates, political parties, or PACs, and must refrain from making political campaign contributions. While much of the discussion about the Johnson Amendment has focused on political speech by religious institutions, the underlying law is essential to preserving the integrity of all charitable nonprofits, including food banks, hospices, child care services, hospitals, arts organizations, schools, and affordable housing providers.

Eliminating or weakening the Johnson Amendment would mean that individual 501(c)(3) nonprofits could come to be regarded as *Democratic charities* or *Republican charities* instead of the nonpartisan problem solvers they are. In today's polarized political environment, this would diminish the public's overall trust in the nonprofit sector and consequently would limit nonprofits' effectiveness in carrying out their mission-related programs and activities.

The current law also ensures that donors' charitable contributions are used for the charitable, religious, and educational purposes for which they are intended rather than being diverted to political parties or candidates. Without this assurance, many donors will feel less comfortable giving generously to nonprofits. Also, if the prohibition on partisanship by 501(c)(3) organizations were eliminated, private foundations and community foundations (which also fall under Section 501(c)(3) of the Internal Revenue Code) would likely be pressured to spend their money on political campaigns rather than investing it in the work of community-based nonprofits.

A change in the law is not necessary to protect free speech rights of religious institutions and other charitable nonprofits. Under the current law, churches and other nonprofits – and their individual clergy, staff, and board leaders – have three significant legal avenues for making their voices heard on policy issues without getting involved in partisan politics.

First, 501(c)(3) nonprofits—including churches – can advocate on policy issues. Charitable nonprofits can help shape the public dialogue on topics related to their missions, such as the needs of homeless veterans, the effectiveness of early childhood education, or the best ways of delivering health care to individuals with mental illness. ***Leaders of nonprofit religious institutions often – and properly – help inform their congregations about a variety of policy issues important to their faith, such as the sanctity of all human life, social justice, immigration policy, and religious freedom.*** Federal tax law even allows charitable nonprofits to lobby to directly influence legislation related to their missions.

Second, nonprofit staff, board members, and volunteers are free to get involved in politics as long as they clearly separate their personal political activity from their nonprofit's operations. Many clergy and nonprofit leaders share their political views on social media, work or volunteer for political campaigns, donate their money to political causes, and even run for office.

Third, nonprofits that are interested in taking sides in partisan politics have the option of seeking tax-exemption under other provisions of the Internal Revenue Code. While 501(c)(3) nonprofits must remain nonpartisan, other types of tax-exempt organizations – including 501(c)(4) social welfare organizations like the National Rifle Association and the Sierra Club, 501(c)(5) labor unions, and Section 501(c)(6) trade associations – can endorse candidates and contribute financially to political campaigns. Unlike 501(c)(3) nonprofits, these organizations don't rely on tax-deductible charitable contributions for their revenue, since the charitable deduction is premised on the notion that donations are used for public purposes that help entire communities rather than for potentially divisive political purposes.

The current law on nonpartisanship is a major reason why charitable nonprofits are safe havens from politics, a place where North Carolinians from across the political spectrum can come together to actually solve community problems rather than simply posture and attack people with differing viewpoints. Eliminating or restricting this

law would have significant negative ramifications for nonprofits, their donors, and the communities that they serve. Keeping the law the way it is would benefit all 501(c)(3) nonprofits, including churches, throughout the state of North Carolina.

Sincerely,

A handwritten signature in black ink that reads "David R. Heinen". The signature is written in a cursive style with a large, stylized "D" and "H".

David R. Heinen
Vice President for Public Policy and Advocacy

Enclosure:

Community Letter in Support of Nonpartisanship – North Carolina and National signers (April 5, 2017)