

FEDERAL ELECTION COMMISSION

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FEC TESTIFIES BEFORE SUBCOMMITTEE OF HOUSE WAYS & MEANS COMMITTEE

WASHINGTON -- While the Federal Election Commission regulates certain political activities of tax-exempt organizations, the groups' tax status has little relevancy under federal election law, the FEC said today.

Testifying before the Subcommittee on Oversight of the House Ways & Means Committee, FEC Chairman Scott Thomas emphasized "that the FEC does not examine, with very few exceptions, whether a corporation or union is tax-exempt" since tax status usually bears no relation to the general statutory ban on political contributions and expenditures by such organizations. He added that there have been several occasions when the FEC has ruled on whether actions of a corporation or union with tax-exempt status had been in violation of the Federal Election Campaign Act.

Chairman Thomas, accompanied by Vice-Chairman Thomas J. Josefiak and General Counsel Charles N. Steele, appeared before the Subcommittee to comment on the agency's role in regulating and examining the political activities of tax-exempt groups.

Thomas noted that one "way in which the FEC regulates tax-exempt organizations stems from the statutory requirement that 'political committees'...register and report receipts and disbursements." The Chairman acknowledged that there may be groups which claim they are not political committees, profess tax-exempt status, but upon close analysis appear to be making contributions or expenditures to influence a federal election. He assured the Subcommittee that "the FEC stands ready...to analyze whether a particular group or organization is in fact a 'political committee,' regardless of its claimed tax status."

"Recognizing that there are overlapping areas of concern," Chairman Thomas told members of the Subcommittee that "the FEC and IRS have shared, and will continue to share, information and coordinate our respective functions to the extent feasible".

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