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Looking at Tax Questions with Nonprofit Media-Based Ministries
by U.S. Senator Chuck Grassley of Iowa, Ranking Member of the Committee on Finance

As the end of the calendar year draws to an end, a spiritual season of worship, celebration and generosity begins. More people are likelier to open their hearts and pocketbooks to charitable causes.

No matter the time of year, charitable giving is a noble and worthy sacrifice to help those in need.

In fact, charitable donations are woven into the social fabric of American society. The American public in 2006 donated more than \$295 billion to charity.

The U.S. government recognizes the public benefit that arises out of the tremendous good works orchestrated by philanthropic foundations, charitable trusts and faith-based organizations. Congress has given its seal of approval to use the federal tax code to encourage generosity and give financial breaks to charities, education institutions, humanitarian agencies and religious organizations.

The Internal Revenue Service is charged with administering the federal tax-exempt laws applicable to so-called 501(c)(3) organizations. When an organization is exempt from paying taxes, the rest of the taxpaying public by default picks up the slack.

As a federal lawmaker, I take an oath of office to uphold the U.S. Constitution. That includes the Bill of Rights, which guarantees fiercely protected freedoms for every citizen, including the freedoms of press, speech and religion.

I also take seriously my Constitutional oversight responsibilities to uphold the balance of power among the executive, legislative and judicial branches of the federal government. For 30 years, I have worked relentlessly to hold the federal government accountable to taxpayers and the American public.

In recent years, I have investigated tax-exempt charities, foundations and trusts to ensure they are upholding their tax-advantaged end of the bargain with the taxpaying public. My oversight work has exposed misuse of tax-exempt dollars for lavish perks, excessive compensation, insider loans and even tax-deductible African safaris. By exposing such flagrant

abuses and advancing reforms to improve governance, transparency and accountability in the tax-exempt sector, I'm working to weed out the wrongdoers among the vast majority of do-gooders.

Tax-exempt organizations do not receive impunity by qualifying for preferential treatment. They must be held to high standards of accountability to keep the tax breaks. My five-year investigation of the nonprofit sector has revealed its membership is not infallible.

Unfortunately the unscrupulous choices of even just a few bad actors can impair the fund-raising appeal of reputable charitable organizations to perform good deeds.

Tax-exempt organizations rely on the generosity and good will of their contributors to help fill food pantries, clothe the needy and serve the underprivileged. Donors of modest means pinch pennies and make sacrifices so others less fortunate may benefit from their collective contributions. It is incumbent upon tax-exempt hospitals, humanitarian agencies and faith-based organizations alike to exercise sound stewardship and carry out their mission with financial integrity.

This fall I expanded my review of tax-exempt organizations to include media-based ministries. Based upon reported allegations of wrongdoing, I sent written inquiries to a handful of televangelists regarding potential abuses, including excessive compensation, extravagant housing allowances, personal use of assets, lax board governance and unreported income.

As the former chairman and now Ranking Member on the tax-writing Senate Finance Committee, I have an obligation to protect the integrity of U.S. tax laws. If tax-exempt organizations, including media-based ministries, thumb their noses at the laws governing their preferential tax treatment, the American public, their contributors and the Internal Revenue Service have a right to know. Considering tax-exempt media-based ministries today are a billion-dollar industry with minimal transparency, it would be irresponsible not to examine this tax-exempt part of our economy.

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