

**Congress of the United States**  
**Washington, DC 20515**

September 17, 2012

Hon. Eric T. Schneiderman  
Attorney General, State of New York  
Office of the Attorney General  
The Capitol  
Albany, NY 12224-0341

Dear Attorney General Schniederman:

As Chairman and Ranking Member of the tax writing Committees of the United States Congress, charged with oversight of the Internal Revenue Service (“IRS”) and the Internal Revenue Code (“Code”), we have recently been made aware that your office is exploring the activities of several tax-exempt groups organized under Code section 501(c)(4) and several private equity firms. We are particularly concerned by reports that indicate your office has not followed the federally prescribed process for legally obtaining tax returns and other financial information from these organizations and businesses.

Federal law makes the inspection and disclosure of federal tax returns and tax return information subject to exacting standards. While the annual tax returns of certain charitable organizations have long been required to be made available for public review, the 91<sup>st</sup> Congress ensured that the identities of donors to charitable organizations would not be disclosed.<sup>1</sup> The 100<sup>th</sup> Congress created a specific statutory exception for disclosure of names and addresses of financial contributors when they expanded public inspection of certain annual returns, reports, and applications for exemption of certain tax exempt organizations.<sup>2</sup> And the 109<sup>th</sup> Congress established a specific procedure for State and local government officials to obtain tax return information related to charitable organizations.<sup>3</sup>

The carefully considered provisions of the Code establish a comprehensive process whereby law enforcement officials at all levels of government may obtain tax returns and tax return information from the IRS in the course of performing their official duties. That process puts substantial limits on both the circumstances under which State officials can obtain tax return information and on the use of that information. State officials may obtain tax return information related to a business or a 501(c)(4) organization from the IRS, but only upon written request to the IRS and only to the extent necessary to administer State tax laws and laws regulating the solicitation or administration of charitable assets or charitable funds of the organization. Furthermore, persons that receive tax return information from the IRS, including government officials, are required to maintain safeguards to protect the information from unauthorized disclosure. We emphasize strongly that willful unauthorized disclosure of returns or return information is a federal crime subject to fines and/or imprisonment.

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<sup>1</sup> See H.R. 13270, The Tax Reform Act of 1969, which became Public Law Number 91-172

<sup>2</sup> See H.R. 3545, Omnibus Budget Reconciliation Act of 1987, which became Public Law Number 100-203

<sup>3</sup> See H.R. 4, Pension Protection Act of 2006, which became Public Law 109-280.

Clearly, federal tax law carefully and extensively safeguards the confidentiality of taxpayer information. Failing to follow the guidelines set forth in the Code suggests an attempt to improperly compel disclosure of federally protected taxpayer information. We, therefore, request that your office cease its efforts to obtain tax returns and tax return information directly from these groups. Your office should direct your inquiries instead to the IRS, which will promptly and appropriately process the request pursuant to federal law and procedure.

Thank you for your attention to this matter.

Sincerely,



Orrin G. Hatch  
Ranking Member  
Senate Committee on Finance



Dave Camp  
Chairman  
House Committee on Ways and Means