

# **Constantine Financial Services, Inc.**

2961-A Hunter Mill Road, Suite 808, Oakton, Virginia 22124

Phone: (703) 264-2024

Fax: (703) 264-2084

Bill@ConstantineFinancial.Com

WWW.ConstantineFinancial.Com

Office of Management & Budget  
Attention: Desk Officer for the Department of the Treasury  
Office of Information and Regulatory Affairs  
Washington, DC 20503

Re: Supplemental Comments on IRS NPRM, REG-134417-13

To Whom It May Concern:

I am a certified public accountant based in Northern Virginia. A significant portion of my practice is working with not-for-profit organizations, including a number of social welfare organizations as defined in 27 CFR §1-501(c)(4). I had the opportunity to review the Internal Revenue Services' (IRS) Notice of proposed rule-making regarding guidance for tax-exempt social welfare organizations and candidate-related political activities (78 Fed. Reg. 71535 (November 29, 2013)).

I read with great concern the Office of Management and Budget's (OMB) estimate of the annual burden in recordkeeping hours of these proposed regulations. The estimate of 2 hours per organization is terribly understated. The production, copying and collating of the newly required letters by recipient organizations alone would be far greater than 2 hours.

In addition, because estimates are no longer acceptable, funds and time spent on all activities must be calculated and documented as proof for potential audit, if they are related to "CPRA" or unrelated. In order to prove that the grants were not used for specific "CPRA" purposes, time sheets would be necessary for all organizations who may be suspected of being associated with "CPRA". Any organization targeted by the IRS for any reason or accused of impropriety by someone disagreeing with its programs, would be forced to produce copies of all of the recipient organization's documentation. This would include volunteer timesheets, expense reports, letters, advertisements and e-mail communication.

Recipient organizations would be forced to calculate and document the percentage of their programs which come into the NPRM's newly defined category of "CPRA" before the donor organization could consider making a grant. The donor organization would be forced to review all of this documentation and copy and collate it as proof that it did not exceed the 50% that an organization is currently permitted to spend on non-candidate political activity. Any failure to document and provide all of that documentation to the IRS during an audit would result in fines and possible loss of not-for-profit status. The unintended consequences of this letter is that the organization making a grant must require and be able to reproduce documentation of the recipient organization's activities. The additional time required to request, review, copy and collate this documentation is incredibly time consuming. This would also force organizations to divert a greater portion of its funds from its programmatic purpose to administration and record keeping.

The estimate of 2 hours per organization is terribly understated. I cannot understand where this estimate could have come from, certainly not from any individual who works regularly with social welfare organizations, preparing their financial reports and tax returns. These proposed regulations should be withdrawn until there is an appreciation at the OMB and the IRS of the real paperwork burdens placed upon social welfare not-for-profit organizations by these proposed regulations. This estimate so grossly underestimates the time involved that I can only conclude it reflects a complete misunderstanding at OMB and/or the IRS of how these regulations would actually impact upon the operation of most such organizations.

Thank you for your time and consideration in this matter.

Sincerely

William L. Constantine, CPA