



January 15, 2014

VIA ELECTRONIC MAIL

Senator Max Baucus
Chairman, Senate Finance Committee
Tax_Reform@Finance.Senate.gov

Re: Comments on Chairman's Staff Tax Administration Discussion Draft

Dear Senator Baucus:

I am the current president of the National Association of State Charity Officials ("NASCO"). Our organization is comprised of all state regulators responsible for overseeing charities and ensuring their compliance with the laws governing charities and nonprofits. I am writing to express NASCO's support for your proposal that all nonprofits be required to file their IRS Form 990s electronically, and that the IRS be required to release 990 data in a machine-readable format. Both of these reforms would greatly contribute to our members' ability to efficiently and effectively regulate charities.

First, by being able to access data from 990s in a bulk, computable format, our offices could assemble information more efficiently such that we would more easily identify charities that could be subject to investigation. For example, the Center for Investigative Reporting recently spent several months compiling a list of America's 50 Worst Charities based largely upon those organizations' 990 reporting. If 990 data were available in a machine-readable format, state regulators could generate similar lists tailored for their states in a matter of hours, and with minimal resources expended. Similarly, regulators could use electronic 990 data to convey more detailed, synthesized information to the public on how charities spend their money so donors can make more informed contributions.

Additionally, being able to electronically manipulate and analyze 990 data would enable state regulators to conduct our investigations more efficiently. Many of our investigations require us to "follow the money" over several years or over different organizations. Again, that

task can be performed much more efficiently if we are able to electronically assemble data rather than simply view pdf files.¹

Finally, several of our members are involved in a pilot program to develop a multistate charitable registration portal that would greatly benefit from mandatory electronic filing of Form 990s. Thirty-seven states currently require charities to register in their state, and the vast majority of those states require information from the Form 990 as part of the registration process. Having 990 data available electronically creates the potential for 990 filings to be incorporated into the multistate registration portal so nonprofits could not only register in several states through one registration portal, they could also easily incorporate their 990 data into their state registrations.

NASCO has long supported mandatory electronic filing of Form 990s and making that data available in a machine-readable format. Thank you for recognizing the importance of these measures in the overall landscape of tax reform.

Sincerely,



Alissa Hecht Gardenswartz
NASCO President (2013-2014)
Senior Assistant Attorney General
Office of the Colorado Attorney General
Ralph L. Carr Judicial Center
1300 Broadway, 7th Floor
Denver, CO 80203
(720) 508-6204
Alissa.gardenswartz@state.co.us

¹ The IRS's Advisory Committee on Tax Exempt and Government Entities ("ACT"), in its 2013 report titled "Exempt Organizations: Leveraging Limited IRS Resources in the Tax Administration of Small Tax-Exempt Organizations," also recognized the tremendous benefits mandatory e-filing would bring to state charity regulation. The ACT strongly endorsed the Treasury Department's recommendation for e-filing, stating that, "The Treasury Department's recommendations directly speak to how Form 990 e-filing will leverage IRS, state charity regulators, and external resources, and benefit the public and others in the EO sector when fully deployed."