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ONE HUNDRED THIRTEENTH CONGRESS

# Congress of the United States

## House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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July 29, 2013

The Honorable Darrell E. Issa  
Chairman  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

I have received a copy of a letter you sent today to the Inspector General for Tax Administration releasing selective portions of transcripts of an interview with an IRS official conducted by Committee staff. Once again, your letter appears to provide partial and incomplete information and to disregard key evidence that is contrary to your political narrative.

Your letter states that you are "troubled by evidence that IRS may have conducted unnecessary audits and systematic post hoc reviews of entire groups of applications as well as certain groups that have long-possessed tax-exempt status." Specifically, your letter suggests that by referring tax exempt organizations to the Exempt Organizations Review of Operations Unit (ROO), these groups potentially were "targeted for audits or examinations based on their political beliefs or ideology."

Your letter fails to explain, however, that the Head of the Exempt Organizations Determinations Unit in Cincinnati told the Committee that referrals to the ROO were not "systematic," but instead were done on a case by case basis. She stated:

- Q: So not every case in a group had a ROO referral, just selected cases based on the specialists' determination?
- A: That's correct.<sup>1</sup>

Your letter also fails to note that a different IRS employee explained to Committee staff that a referral to the ROO did not automatically result in an audit of the organization:

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<sup>1</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Program Manager, Exempt Organizations Determinations Unit (June 28, 2013).

Q: And what does that—what does a ROO, in practice, look like?

A: It is a group within the EO Examinations function that takes a look at publicly available information about exempt organizations, and if there are indicators of potential noncompliance in that information, it may recommend that they be selected for examination.<sup>2</sup>

Your letter also does not include the fact that the same IRS employee told Committee staff that referrals to the ROO were made in order to facilitate the approval process, not to burden the organization:

A: But the Determinations function may refer organizations to the Exam function to take a look down the road to see whether there are, again, these public indicators of possible noncompliance.

Q: Okay.

A: So that enables us to err on the side of granting exemption, but if we have some reservations instead of holding it up for additional questions or denial, we can say, “Nope, we will give you the benefit of the doubt. Go forward, you’re exempt.” And then we can just do a sort of public information search without having to contact them any further.<sup>3</sup>

At another point in the interview, the same employee explained further:

Q: I assume that’s why you have the ROO?

A: Yes. So to some extent, that would be in order for us to be more comfortable. If we are on the line between we are not sure whether they are going to qualify or not, we are more likely to err on the side of granting them exemption and then referring them to the ROO rather than denying them exemption. We’ll grant them, we’ll give them the benefit of the doubt, but we will try to take a look later without burdening them to just make sure that that was the right decision.<sup>4</sup>

The Committee has identified no evidence that the IRS discriminated against conservative groups that had been approved for tax exempt status. The Inspector General announced previously that he planned to conduct an audit of how the IRS monitors all tax exempt organizations—conservative and progressive—to determine whether they are complying with rules against political activity, and I fully support this review.

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<sup>2</sup> House Committee on Oversight and Government Reform, Transcribed Interview of Tax Law Specialist (July 23, 2013).

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

However, it is unfortunate that you persist in this pattern of selectively releasing quotes instead of conducting a responsible investigation focused on implementing real reforms. I urge you to focus on obtaining the full set of facts rather than making unsubstantiated allegations.

Sincerely,

A handwritten signature in blue ink that reads "Elijah E. Cummings". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Elijah E. Cummings  
Ranking Member