

Crack Down on Dark Money Act

Section-by-Section

Section 1. Short Title.

Section 2. Limitation on Covered Political Expenditures By Social Welfare Organizations.

Limits 501(c)(4) organizations' political expenditures to no more than 10% of their total annual expenditures. This is stricter and clearer than current IRS regulations (26 CFR § 1.501(c)(4)), which only require that a 501(c)(4) organization not be "primarily engaged" in political activities.

Repeals the cap on political organizations' nonpolitical spending. This would allow an organization that is no longer recognized under section 501(c)(4) because it wishes to spend more than 10% on politics to register as a political committee under section 527--and comply with the FEC's more rigorous disclosure requirements--without being required to spend more than 50% on politics.

Section 3. Political Intervention.

Requires that if a 501(c)(4) organization makes a political expenditure of any amount, it must disclose to the IRS and the public the identities of its donors who gave at least \$5,000 to the organization. The IRS previously required this information from nonprofits in a nonpublic Form 990 Schedule B, but ended that requirement in a May 2020 rulemaking.

Adopts a clear definition of political intervention, which applies to all of the provisions above by being the object of a covered political expenditure. This definition distinguishes between activities intended to influence the outcome of an election, such as express advocacy and electioneering, from other activities, such as communications to influence a public official's decision on a policy matter. This fixes the tax code's lack of a clear definition of political intervention, which has made it difficult for the IRS to enforce the law limiting 501(c)(4)s' political activity.