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## ***Federal News Concerning Tax Exempt Organizations***

### **How New IRS Donor Disclosure Rules Impact the Nonprofit Sector**

*Summary Prepared by Hannah Locop, GPNP Program Manager*

On Monday, July 16, 2018 the Internal Revenue Service released new guidelines changing the way that some 501© organizations report to the IRS. GPNP is invested in educating our members on how the IRS's new guidelines impact their 990 filing for 2018. You can find the full set of guidelines [here](#).

As per the new [rules](#), "tax-exempt organizations required to file the Form 990 or Form 990- EZ, ***other than those described in § 501(c)(3)***, will no longer be required to provide names and addresses of contributors on their Forms 990 or Forms 990-EZ and thus will not be required to complete these portions of their Schedules B."

As [Politico](#) reports, "***501(c)(3) charitable groups will still need to file the Schedule B for the Form 990***, which required both names and addresses for donors who gave at least \$5,000, but social welfare groups [501©(4)], business leagues [501©(6)] and labor organizations [501©(5)] will not." In addition to charitable groups, political organizations tax-exempt under IRS section 527 will still be required to report donor names and addresses.

The U.S. Treasury Department, under the leadership of Secretary Steven Mnuchin, [reasons](#) that "the IRS makes no systematic use of Schedule B with respect to these organizations [501©] in administering the tax code." The Treasury Department also argues "new policy will better protect taxpayers by reducing the risk of inadvertent disclosure or misuse of confidential information."

Historically, the IRS has required all tax-exempt organizations to report the names and addresses of donors who contributed over \$5,000 in one year. For 501©(7), 501©(8), and 501©(10) organizations, the IRS required reports of names and addresses for donors contributing over \$1,000 in a year. The IRS would simply redact the donor information before making 990 forms available to the public. However, for 2018 returns due May 15, 2019, only 501©(3) and 527 tax-exempt organizations will be required to report the names and addresses of donors.

The IRS is still requiring all 501© tax-exempt organizations to keep books and records of donors' personal information though, in case that information is ever requested, such as in the case of an audit.

***For expert advice on how the new rules impact your organization specifically, please speak with a tax professional or call or email GPNP for a referral to an expert in tax law.***

## ***Other Federal Policy News***

- ["House votes to disavow carbon tax," The Hill, 7/19/18](#)
- ["Dems pressure GOP to take legal action supporting pre-existing conditions," The Hill, 7/19/18](#)
- ["More than 400 bills aimed at improving reproductive health have been introduced in 2018: report," The Hill, 7/18/18](#)
- ["Senate panel to vote next week on banning 'gag clauses' in pharmacy contracts," The Hill, 7/18/18](#)
- ["Judge sides with Trump admin in Planned Parenthood suit over changes to federal funding," The Hill, 7/18/18](#)
- ["White House 'concerned' that House bill doesn't cut EPA funding enough," The Hill, 7/18/18](#)
- ["House rejects proposal to boost Interior watchdog's funding," The Hill, 7/18/18](#)
- ["Court blocks EPA policy against enforcing truck pollution rule," The Hill 7/18/18](#)
- ["GOP chairman in talks with Trump officials on restarting key ObamaCare payments," The Hill, 7/16/18](#)

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## ***Election Updates***

- ["As November Nears, More Governors' Races Become Tossups," Governing, 7/16/18](#)
- ["New Reports Show Tight Money Race In Closely Watched Lamb/Rothfus Match-Up," WESA, 7/16/18](#)
- [Touting support for Trump, "GOP congressional candidates stump in Easton area," Lehigh Valley Live, 7/14/18](#)
- ["Bernie Sanders On Pennsylvania Races: Fetterman, The DSA And The Power Of Organizing," WESA, 7/12/18](#)
- ["Your complete guide to Allegheny County's contested state races," The Incline, 7/6/18](#)
- ["GOP's Scott Wagner tries to distance himself from controversial pastor," Pittsburgh Post Gazette, 7/10/18](#)
- ["A look at Congressman Conor Lamb's voting record so far," The Incline, 5/30/18](#)

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## ***Pennsylvania News***

### **PA to make first deposit into state's Rainy Day fund in a long time**

It has been a while since the state had money to put away for a rainy day. The last meaningful deposit into the state's Budget Stabilization Reserve Fund was before the Great Recession (Fiscal Year 2006-07, according to the state House of Representatives' Republican Caucus), so any time there's money left over after the state's annual spending spree, it's a good thing ... kinda. Gov. Tom Wolf announced the deposit of \$22 million into the state's Rainy Day fund, with potentially more to come - \$74.5 million next year, assuming projections of a \$149 million budgetary surplus come true when lawmakers sit down to do next year's budget (and given the propensity of lawmakers to spend more than they have, and neither sufficiently cut spending or increase revenues to cover gaps, you might not want to hold your breath waiting for that \$74.5 million). Of course, it's also important to remember that not too long ago – last year to be exact – the state borrowed a ton of money to erase a \$1.5 billion deficit left over from the Fiscal Year 2015-16 state budget and help fund the FY2016-17 state budget. So when you hear politicians talking up Rainy Day Fund contributions, remember the decades of recurring payments state taxpayers will be making (starting next year) that made those “surpluses” possible.

*Source: Capitolwire: Under the Dome*

### **New state prison opens, staff and inmates begin to transfer from old lockup**

Last Wednesday morning, the brand new, more than \$400 million [State Correctional Institution \(SCI\) Phoenix](#) began to get its new residents. Built a stone's throw from the aged (90 years old) maximum security SCI Graterford in Montgomery County, the facility welcomed its first “guests” following the lock down of SCI Graterford by state Department of Corrections officials. The department says it plans to move several hundred inmates each day into the state-of-the-art, 4,000-bed facility, continuing the transition “for however long it takes to complete the operation” with daily briefing to be offered about the progress. In addition to the more than 3,000 inmates to take up residence in the facility, 1,200 staff will work there. “Employees and inmates have been waiting patiently for this move to take place,” said Corrections Secretary John Wetzel in a press release. “We are aware of the anxiety that this move has caused everyone, and we have worked diligently to plan for every aspect and to ensure that the transition is smooth for everyone involved.” According to the agency, the entire prison grounds (SCI Phoenix is built on the same grounds as SCI Graterford) are off limits to everyone, and a secure perimeter has been established thanks to assistance from other state prison staff and the Pennsylvania State Police. It took [longer than anticipated to get to this point for SCI Phoenix](#) – about two-and-a-half years longer – though the state expects a fairly hefty refund of some of its costs (around \$30 million), through penalties assessed to the general contractor, Walsh Heery Joint Venture, a Pittsburgh-based partnership of general contractors based in Chicago and Atlanta.

*Source: Capitolwire: Under the Dome*

### **Petitioners seeking to stop release of child sex abuse grand jury report submit filings to PA high court**

Late last week, the Pennsylvania Supreme Court updated [its website to reflect the submissions made by those seeking to prevent the release of a grand jury report about child sex abuse in this state](#). The more than two dozen

petitioners who had been required to submit their arguments to the court by Tuesday, July 10, maintain the grand jury report contains allegations that are not supported by evidence and errors that have not been corrected or redacted, all denying due process to those petitioning for the report to remain sealed. While those interested in having the report released to the public – led by the state Office of Attorney General - were given until Friday, July 13 to respond to the petitioners' filings, their general position has been that while the report will contain allegations against individuals who will not be formally charged with wrongdoing, those individuals have been afforded the ability to submit their own responses to the report's claims, which would be released along with the report. Petitioners in their July 10 filings argue the Office of Attorney General "has made numerous public comments carefully calculated to bring public pressure to bear on the Petitioners by maligning their good faith assertion of fundamental constitutional rights" prior to the report's release "using a loudspeaker, an eager press, and a receptive public audience." Petitioners go on to claim: "This 'opportunity' to respond was previously incorrectly thought (by the Supervising Judge and the OAG) to offer sufficient due process to Petitioners. It is even more clear now that the OAG's use of his office's power and authority to galvanize public opinion against Petitioners - and against this Court - have thoroughly eviscerated even that pitiful modicum of redress." It remains unclear when the court will offer its decision regarding the release of the report.

*Source: Capitolwire: Under the Dome*

### **Wolf administration announces opioid prescription guidelines for workers' comp (but has yet to make them public)**

Following up on an executive taken by the governor in late April, the Department of Health on Monday announced new opioid prescribing guidelines for workers' compensation. While there was reaction to the announcement, it was of a more-general variety, likely due to the fact the Department of Health has yet to publicly release the prescribing guidelines – as of early Tuesday morning, the [department's website](#) has still not been updated to include the new guidelines.

*Source: Capitolwire: Under the Dome*

### **State budget boosts funding for protection of Pennsylvania's aging population**

Annual increases in the number of reports regarding elderly abuse — 28,633 in Fiscal Year 2016-17 — caused legislators and public officials to take notice and action this year. As part of the adopted FY2018-19 state budget, lawmakers added more than \$2.1 million to protect older Pennsylvanians.

*Source Capitolwire: Under the Dome*

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## ***Legislation***

- [HB 2560: Amends Title 27 re polystyrene containers](#)
- [HB 2561: Amends Unemployment Comp. Law re disability](#)
- [HB 2562: Amends PA Election Code re advisory board](#)
- [HB 2563: Act re retired officer property tax exemption](#)
- [HB 2564: Act re small wireless facilities deployment](#)

***Prepared by:***



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