

Summary of Additional Democratic Views

The Additional Democratic Views emphasize three main points

- The process of examining 501(c)(4) applications suffered from gross mismanagement and was plagued by inefficiency, bad judgment, and unwarranted delay.
- Actions by IRS personnel were not politically motivated.
- Political appointees did not influence the enhanced scrutiny of 501(c)(4) applications.

The staff also found that liberal and progressive groups were subject to the same mismanagement by the IRS as the conservative groups

These conclusions were reached after reviewing 1.5 million pages of emails and other documents and conducting 32 interviews of IRS employees and other government officials.

Gross Mismanagement

This was not a matter of political targeting, rather one of gross mismanagement of 501(c)(4) applications from Tea Party and other advocacy groups. The IRS took over two years to process what were essentially a handful of applications. In late 2009, the first Tea Party applications were received by the Cincinnati office. By early 2012, over 100 applicants, most of them Tea Party affiliates, still had not received determinations, and instead were receiving onerous additional development questions. The letters generated significant media and Congressional interest, and in March of 2012 TIGTA began their audit.

Senior leadership at the Exempt Organizations office should have stepped in much earlier in the process and demanded expedited consideration of these politically sensitive applications. Once senior leadership did become involved in what was already a serious problem, they should have actively monitored the progress of attempts to expedite pending applications.

Plainly, the IRS did not handle this matter well. In the face of a dramatic increase in the number and complexity of applications for 501(c)(4) status, and working with vague regulatory standards that have not been updated since 1959, the IRS froze, failing to develop an adequate system for processing the applications for more than two years. As a result, many groups suffered from unnecessary delays and some suffered from repeated and burdensome questioning.

However, IRS conduct in processing 501(c)(4) applications was a case of gross mismanagement, not an attempt to exert political influence.

This Investigation Uncovered No Political Interference

Over the course of this investigation, Committee staff reviewed 1.5 million pages of documents and interviewed 32 witnesses. There is no evidence that IRS employees exercised political bias in the handling or management of 501(c)(4) applications. Republican findings to the contrary are based purely on speculation.

Staff interviewed numerous IRS employees involved in all levels of the 501(c)(4) determinations process. We asked each of them (1) whether political bias influenced their work, (2) whether they were aware of any colleagues acting in a politically biased manner, (3) whether any political appointees at the IRS, Treasury, or White House had influenced 501(c)(4) determinations, and (4) whether liberal groups were subject to the same level of scrutiny as Tea Party groups.

With respect to the first three questions, every employee we interviewed answered “No.” With regard to question 4, many employees replied “Yes,” and cited specific examples of left leaning groups that were subject to scrutiny. Others stated they did not have enough personal knowledge to answer question 4, but none responded “No.” These written statements are included in the record.

No White House or Treasury Involvement

There is no evidence of involvement by the White House or by Treasury Department political officials. No political appointee in the Obama Administration was involved in any way in the review of applications or in the establishment of standards for their review. In fact, during the relevant period the IRS Commissioner was Douglas Shulman, who was appointed by President Bush.

TIGTA Also Found No Political Bias

The TIGTA audit report that was the impetus for this investigation also found no evidence of political motivation at the IRS Exempt Organizations office, merely that “inappropriate criteria were used” in selecting applications. In fact, despite the way the report was later portrayed, TIGTA does not conclude that there was any “targeting” of conservative groups.

Prior to release of the audit report, an email from the Deputy Inspector General for Investigations at TIGTA concluded that there was “no indication that pulling these selected applications was politically motivated.” Furthermore, he concluded organizations were pulled for further review because “IRS employees were not sure how to process them, not because they wanted to stall or hinder the applications.”

Furthermore, TIGTA Inspector General Russell George confirmed, most clearly in response to questioning from House Ways and Means Committee Ranking Member Sander Levin, that his office did not find any evidence of political motivation on the part of IRS employees.

LEVIN: Did you find any evidence of political motivation in the selection of the tax exemption applications?

GEORGE: We did not, sir.

Left-Leaning Groups Were Also Scrutinized

Left-leaning were subject to the same delays and scrutiny as right leaning groups. Although it does appear that significantly more conservative-leaning than progressive-leaning groups were affected, nearly 20% of the groups identified for further screening *were* progressive-leaning groups.

There are three “buckets” which form the basis for complaints about how the conservative leaning applications were handled by the IRS, 1) their names were on the Be On The Lookout (BOLO) list, which employees used as a reference while screening applications for 501(c)(4) status, 2) there were significant delays in processing their applications, and 3) the applicants received burdensome and inappropriate questions.

Our investigation found that left-leaning groups found themselves in each of these “buckets.” From day one, terms like “Progressive” and “ACORN,” were included along with “Tea Party” and “9/12” on IRS BOLO spreadsheets, which employees used as a reference while making determinations. Names included on these BOLO lists *were* subjected to the same kinds of mismanagement and delays, regardless of political affiliation. In particular, left-leaning groups were subject to the same kinds of inappropriate and burdensome questions from IRS employees.

Responses to Key Republican Views

The Report’s Additional Republican Views rely on two key arguments that we consider unpersuasive.

Lerner’s Personal Political Views

First, the Republican Staff Views makes much of the fact that Lois Lerner appears to have been a Democrat, and that the President and some Congressional Democrats wanted to impose tighter restrictions on campaign spending. These facts do not support the inference that there was an attempt to exercise inappropriate political influence on the consideration of applications for tax-exempt status.

There is no evidence demonstrating that Lerner relied on her political views to interfere with or influence the processing of 501(c)(4) applications. Federal employees are allowed to have political views, and the President and members of Congress are allowed to express views about the campaign finance system. The question is whether these views influenced the even-handed administration of the law, and there is no evidence that they did.

More Conservative Groups Were Affected

Second, the Republican Staff Views argues that the fact that significantly more conservative-leaning groups were selected for review than progressive-leaning groups. From this, the Republican Staff Views makes the inference that this must be the result of political influence. This inference is unjustified.

The majority assumes that there were equal levels of applications from conservative and progressive groups. This assumption is unproven. In fact, there is reason to believe that, in the wake of *Citizen's United*, the increasing level of applications came primarily from conservative-leaning groups. IRS staff told the Committee that they were "inundated" with Tea Party applications, and emails from the time discuss the marked increase in groups advocating for right-leaning issues. According to the Center for Responsive Politics, more than 80% of the reported funds spent in the 2012 elections by nonprofits were sponsored by conservative 501(c)(4)s. It would be unsurprising if the number of conservative 501(c)(4) applicants during this time was far greater than liberal applicants and therefore most of the delayed applicants were conservative-leaning groups.