



Testimony for the Pelican Institute to IRS

Feb. 7, 2020

Thank you for allowing me to testify today. My name is Eric Peterson, and I am the director of policy for the Louisiana -based Pelican Institute. The Pelican Institute is a 501(c)(3) non-profit, nonpartisan research and educational organization that serves as the leading voice for free markets in Louisiana.

We are supported by donors both across the state of Louisiana and the nation. We take the responsibility of protecting our supporters' privacy rights seriously.

Related to the Pelican Institute is also Pelican Action, a 501(c) (4) organization that communicates with the public about issues of importance to Louisiana residents.

I am here today on behalf of the Pelican Institute and all our supporters to speak in favor of no longer requiring certain tax-exempt organizations to disclose the personal information of their donors on Schedule B forms with the IRS. The Pelican Institute strongly encourages the IRS to move forward with its proposal to rescind this Schedule B information reporting requirement. We believe this sensitive information does not need to be collected by the IRS for the following reasons:

1. All Americans have the right to support causes they believe in without fear of harassment or retaliation.
2. The bulk collection of supporter data provides no information to the IRS necessary for enforcing tax law, but it does create a high risk of inadvertent disclosure, which further burdens the IRS, threatens our supporters' privacy, and could result in those individuals being harassed.
3. The nature of Louisiana's political climate combined with the current reporting requirements might discourage citizens from giving to causes they believe in. This could directly impact the ability of Pelican Action to speak on vital issues of public importance.

We live in a fractured time in American life. Many citizens not only disagree with each other, but actively loathe one another. It has been estimated that just over [42 percent](#) of the people in each of the two major political parties view the opposition as "downright evil." This suggests that over 48 million people view those in the opposite political party as morally bankrupt at the very least.

Given this charged political climate, fear of speaking out in support of a cause is not unwarranted.

Take the recent example of a Texas Congressman tweeting the names of his constituents who donated to the opposite political party. Although this information was and remains publicly available on the FEC's website, few people would ever seek it out and its visibility certainly isn't as large a congressman's tweet.



But because of one Congressman's tweet, he informed thousands of his constituents' friends, neighbors, and coworkers of their political leanings without consent. The intention of the tweet was clear. Because these individuals donated to a cause the Congressman dislikes, they had to be publicly shamed in the highest-profile venue available.

While tweeting these names was not illegal, Americans across the political spectrum should be wary of a culture which singles out everyday citizens simply for their political beliefs.

Thankfully, citizens who give to many non-profit organizations aren't subject to the same risks of public shaming as those who give directly to political candidates. But the mere collection of donor information by the IRS increases this risk substantially. Furthermore, this information collection serves no benefit to the IRS's tax enforcement duties.

There are many examples of purposeful and accidental release of personal donor information. Look no further than the state of California, where employees mistakenly posted around 1,800 confidential Schedule Bs of various organizations. These were publicly available for anyone to find online and easily download.

This includes the 2009 Schedule B form for Planned Parenthood, which lists the names and addresses of hundreds of donors, opening them up to harassment or intimidation.

Mercifully, these disclosures were relatively small and geographically concentrated. By contrast, the IRS collects data on tens of thousands of groups across the country. In light of recent growing concerns over hacking, such as the data breach at the Office of Personnel Management, it is clear that having the federal government collect all this information is a significantly larger risk today than it would have been 40 years ago.

Given these risks, it's no wonder everyday citizens in Louisiana might be discouraged from supporting a cause they believe in. After all, the most famous governor in the state's history, Huey Long, was assassinated over his use of his governmental power to punish an opponent and reward a supporter.

Although this kind of behavior is less pronounced in Louisiana government today, its culture remains intact.

Just last year, state Medicaid contracts worth billions of dollars were thrown out by Louisiana's chief procurement officer due to the mishandling of bids. The companies raising concerns over the process accused the governor's office of "bias" and even falling asleep during the presentation.

But corruption isn't just limited to the highest levels of Louisiana government.



Recently, the Lafayette City Marshal was sentenced to a year in jail on corruption charges. However, he didn't face charges for using his position as City Marshal to arrest the co-chairman of his recall effort for writing hot checks, worth less than \$200. It's also worth noting these checks were written more than twenty years ago. There was also evidence showing that the City Marshal had a former police officer and his wife arrested for filing a public records request from his office.

Is it any surprise then that those interviewed for the story would only speak to the reporter on a condition of anonymity?

Given the kind of politics we have in Louisiana, why would anyone donate to an organization when it's possible that those with political power would happily use that power to punish those who speak out against them?

And make no mistake, the Pelican Institute has staked out unpopular positions with the political establishment. Our support for policies like criminal justice reform and ongoing lawsuit against the State Bar Association have ruffled more than a few feathers. And while the employees of the Pelican Institute are willing to live with these consequences, many of our supporters are rightly unwilling to risk their financial futures or their and their families' personal well-being.

The IRS has an opportunity to reduce the burden on itself and protect the privacy of American citizens. As such, the IRS should adopt these proposed changes to existing regulations and further strengthen citizens' rights to speech, privacy, and association as protected under the First Amendment. Thank you for your time, and I look forward to answering any questions you may have.