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Assembly Joint Resolution No. _____

Relative to the Internal Revenue Service.



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WHEREAS, Throughout its history, millions of people have come to the United States seeking a haven from religious or political persecution in their native lands; and

WHEREAS, The democratic ideals of religious liberty, the freedom to associate and express one's views without fear of harm or recrimination, and a government that derives power from the consent of the people it governs continue to be this nation's guiding principles; and

WHEREAS, People who live under oppressive regimes around the world today look to the United States as a beacon of freedom, and it is essential that officials at every level of government set an example by administering just laws without malice or prejudice; and

WHEREAS, The federal government is entrusted by the people with great powers, including the power to tax, and the constitutional guarantee of checks and balances was first established to safeguard Americans from harassment or intimidation based on their political or religious beliefs; and

WHEREAS, President Barack Obama encouraged all Americans in the 2013 proclamation for "Religious Freedom Day" to "let us remember the legacy of faith and independence we have inherited, and let us honor it by forever upholding our right to exercise our beliefs free from prejudice or persecution; and

WHEREAS, Organizations, such as nonprofits and charities, seeking federal tax' exempt status are required to file an application with the Internal Revenue Service (IRS); and

WHEREAS, The IRS's Exempt Organizations Function, Rulings and Agreements Office, which is headquartered in Washington, D.C., is responsible for processing



applications for tax-exempt status and for reviewing applications as they are received to determine whether organizations qualify for this status; and

WHEREAS, During 2012, members of Congress raised concerns to the IRS about targeting non-profits and charities based on their perceived political position and the IRS's performance of its duty to treat similarly situated organizations consistently. In addition, several organizations applying for tax-exempt status under IRS's Section 501 (c) (4) of the Internal Revenue Code made allegations that the IRS targeted specific groups applying for tax-exempt status, delayed the processing of targeted groups' applications for tax-exempt status, and requested unnecessary information from targeted organizations; and

WHEREAS, In early 2012, the Inspector General for Tax Administration began an audit reviewed case files using acceptable government accounting standards. Case files were selected in June 2012 and the audit was concluded in February 2013; and

WHEREAS, The Inspector General for Tax Administration found that the IRS in 2010 "developed and began using criteria to identify potential political cases for review that inappropriately identified specific groups applying for tax-exempt status based on their names and policy positions" (Inspector General's Final Audit Report reference number 2013-10-053, Page 5); and

WHEREAS, The Inspector General's report found that the IRS developed and began using criteria to review specific groups applying for tax-exempt status based on their names or policy positions instead of developing unbiased criteria based on the tax laws and treasury regulations; and



WHEREAS, IRS officials started using search terms such as “patriot,” “9/11,” and “tea party” to flag certain applicants for additional scrutiny and placing them in a “Sensitive Case Report” resulting in the use of selected criteria for reviewing their applications; and

WHEREAS, Some flagged organizations were required to provide further documentation, including what books their members were reading, as well as what they had posted on social networking Websites. One group was asked to “please detail the content of the members of your organization prayers.” Organizations were informed that if they did not provide the information sought, they would not be certified as tax-exempt; and

WHEREAS, In 2010, several Jewish groups were targeted by the IRS and asked inappropriately whether their group “supported the existence of the land of Israel”; and

WHEREAS, The Treasury Inspector General for Tax Administration made numerous recommendations to the IRS, including that they should document the reasons why applications potentially involving political campaign intervention are chosen for review, develop a process to track requests for assistance, and expeditiously resolve remaining political campaign intervention cases, some of which have been in process for three years, and request that social welfare activity guidance be developed by the Department of Treasury; and

WHEREAS, Senior program managers at the IRS have refused to answer Congress’s questions under oath, invoking their right to plead the fifth Amendment under the advice of legal counsel; and



WHEREAS, The IRS must do more so that the public has reasonable assurance that the IRS will not use political criteria to administer the tax laws of the nation and will operate in a fair and impartial manner in the future; now therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the Legislature holds that government agencies, including the IRS, should apply the law fairly. Profiling citizens based on their political positions should not be allowed; and be it further

Resolved, That the Legislature commends the United States Congress for investigating the alleged misconduct at the Internal Revenue Service and urges the President and the Internal Revenue Service to comply with all requests related to congressional inquiries in a full and transparent manner and ensure that all government employees are made available for questions relating to these matters; and be it further

Resolved, That an independent counsel be appointed to investigate the actions of the IRS in this matter and to determine if any violations of law or policy occurred, and be it further

Resolved, That the Legislature condemns the actions of those involved in the misuse of their office and position to discriminate against individuals based on their political views; and be it further

Resolved, That the Legislature stands in support of the Treasury Inspector General for Tax Administration's recommendations for the Internal Revenue Service and urges that, if the IRS fails to take action, Congress should pass and the President should sign legislation that enacts those recommendations into federal law.



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