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**Press Release - Senator Edmund S. Muskie Introduced Legislation
on the Internal Revenue Code (S. 1408)**

Edmund S. Muskie

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USA 1972

IMMEDIATELY
January 24, 1972

Senator Edmund S. Muskie (D-Me.), acting to "remove from the tax law an unjustifiable discrimination against publicly supported charitable organizations," introduced legislation today, Monday, January 24, 1972, to permit conservation and consumer groups, medical research organizations, churches and similar groups to present their views to legislators and legislative bodies, including Congress, without jeopardizing their tax exempt status.

The legislation, introduced with Senator Hugh Scott (R-Pa.) is a modified version of a bill which Senator Muskie introduced on March 30, 1971. Under the new bill, charitable organizations could engage in lobbying activities and retain their tax exempt status if "substantially more than half" of their activities remain devoted to the charitable activities which provide the basis for their tax exemption.

Senator Muskie said that the bill would "open up the legislative process to diverse groups whose perspective and expertise should be available to legislators at all levels of government."

Current law permits the retention of tax exempt status by charitable organizations only if "no substantial part of the activities" of the organizations are "carrying on propaganda or otherwise attempting to influence legislation," a limitation which Senator Muskie described as "a serious inequity in present tax law."

Senator Muskie noted that the Internal Revenue Code permits businessmen and a number of non-charitable tax-exempt organizations, such as trade associations and business leagues, to engage in direct efforts to influence legislation without losing their tax exempt status. "No less than businesses and the organizations which represent them," Senator Muskie said, "charities can be important sources of information on legislative issues. They should be permitted to communicate that information to those who carry on the legislative process."

Senator Muskie emphasized that his legislation has been drafted to "permit that result within carefully defined boundaries. Its liberalization of the present restriction on influencing legislation extends only to public charities -- churches, schools, hospitals, and certain other groups with broad public support. It does not modify the present restrictions imposed on private foundations by the Tax Reform Act of 1969."

The bill introduced by Senators Muskie and Scott is patterned after a resolution adopted by the American Bar Association in 1969.

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