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July 21, 2026

Honorable Jason Smith
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Honorable Richard Neal
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Smith and Ranking Member Neal,

On behalf of Independent Sector and its members nationwide, I write to express our appreciation for the Committee's focus on election integrity, transparency, and adherence to the laws that protect the nonprofit sector from abuse by bad actors. I also write to share concerns about three legislative proposals that are scheduled for consideration this week.

The nonprofit sector — including charities and foundations — has been bringing people together to meet community needs since our nation's founding. Every day, nonprofits provide housing, health care, nutrition, workforce development, education, disaster relief, cultural inspiration, spiritual guidance, environmental conservation, and any number of other vital services. They are among the most trusted organizations in our society while also serving as the economy's third-largest employment sector. Independent Sector is the national membership organization representing nonprofits, foundations, and corporate giving programs nationwide. Working together, our hundreds of member organizations and their networks reach every state and district and touch the life of every American. They range from some of the largest charities in the world to all-volunteer organizations, and from major philanthropic institutions to small foundations, academic centers, community-based organizations, and more.

Fiscal Sponsorship Transparency Act of 2026, H.R. 9721

Fiscal sponsorship can be a deeply valuable organizational option for individuals or groups performing charitable work in communities of all types. Under this structure, a project may partner with the infrastructure of a different, existing, organization rather than forming its own entity. While there are many good reasons for charitable work to take the form of fiscal sponsorship, some include responding to urgent needs, testing new ideas, undertaking time-limited initiatives, or avoiding administrative duplication. By one partial estimate, the field of fiscal sponsorship stewards over \$3 billion in charitable funds per year.¹

¹ Fiscal Sponsor Field Scan 2023, Social Impact Commons and National Network of Fiscal Sponsors.

H.R. 9721 would require disclosure of significant information about every fiscally sponsored project while subjecting nonprofit organizations and their employees to potentially harsh penalties for failing to exercise proper “discretion and control.” Unfortunately, it is unclear how this term is defined, who would identify these failures, and whether a nonprofit could challenge the designation. We are also concerned that the legislation does not include a minimum size standard for individual projects, potentially subjecting very small initiatives to these requirements and making them prohibitively difficult to operate.

While it has existed in practice since at least 1959, there is currently no legal definition of fiscal sponsorship in the tax code. Codifying such a definition would be an extremely significant development for the nonprofit sector and should only be undertaken with thoughtful input from a wide range of stakeholders. Independent Sector stands ready to work with the Committee and other partners on such a process. At present, we believe the legislation’s definition of a “fiscal sponsorship arrangement” could potentially include many other arrangements and partnerships that nonprofit organizations use to serve their communities every day. **We urge the Committee to withdraw this legislation and to work with nonprofit sector organizations on shared solutions that advance fiscal sponsorship as a key vehicle for charitable work while ensuring appropriate oversight and transparency.**

Stopping Foreign Influence in Elections Act of 2026, H.R. 9771

Protecting American elections from foreign influence is a worthy goal, and Independent Sector strongly supports the existing prohibition on contributions, donations, or expenditures by a foreign national in connection with any federal, state, or local election. In addition to this prohibition, 501(c)(3) nonprofit organizations are rightly prohibited from intervening in any political campaign and are required to report their substantial donors to the IRS.

H.R. 9771 would prohibit any nonprofit that receives funding from a foreign national from contributing to a “political entity” for 2 years after the date of that contribution. Before enacting such a sweeping suspension, we believe that there are common-sense steps that Congress could first take to further protect nonprofit organizations and our elections. These include more robust oversight funding and improved information sharing between the IRS and the Federal Election Commission. Despite this belief, Independent Sector applauds efforts to protect our elections and takes no position on the core concept of the legislation at this time.

We do, however, strenuously object to H.R. 9771’s inclusion of 501(c)(4) social welfare organizations in its definition of a “political entity”. This represents a departure from similar legislation the Committee considered in 2024². By virtue of this expanded definition, a 501(c)(3) charitable nonprofit receiving a single foreign contribution would face a blanket prohibition on contributing to 501(c)(4) organizations for any number of reasons wholly unrelated to political campaign intervention, such as advancing shared public policy priorities or working in coalition. Charitable nonprofits are experts on their community’s needs, and this overly broad definition risks limiting their voices. **We urge the Committee to narrow this definition before advancing the legislation.**

² H.R. 8314 in the 118th Congress

Foreign Funding Transparency Act, H.R. 9772

Charitable nonprofit organizations already report the names and addresses of substantial donors to the IRS through a non-public schedule on the annual Form 990 information return. This information is an important tool for conducting appropriate oversight of our sector.

H.R. 9772 would require nonprofits to publicly report their total contributions from foreign nationals, as well as require them to collect information about the nationality of all their donors in order to publicly report totals from each foreign country of concern. Some donors asked to report additional information about their citizenship will simply choose not to give. This could be especially true for small-dollar donors.

501(c)(3) charitable nonprofit organizations are prohibited from engaging in campaign intervention and already provide detailed information to the IRS about their substantial contributors. Therefore, the burdensome information collection required by this bill would provide limited oversight value compared to the damage it could do to charitable nonprofits and their missions. **We urge the Committee to reconsider this legislation.**

Independent Sector appreciates the opportunity to share these concerns, and we are eager to meet with you to discuss solutions that protect the nonprofit sector, America's elections, and the communities we all serve.

Sincerely,

A handwritten signature in dark ink that reads "Akilah Watkins". The signature is fluid and cursive, with the first name "Akilah" and last name "Watkins" clearly distinguishable.

Dr. Akilah Watkins
President and CEO

[CC Members of the Ways and Means Committee]