
From: Lerner Lois G
Sent: Thursday, May 09, 2013 3:04 PM
To: Zarin Roberta B
Subject: RE: American Journalism Review: seeks comment on March study on IRS policy re: media/newspaper orgs seeking exempt status - says deadline COB tomorrow (Friday)

Right

Lois G. Lerner

Director of Exempt Organizations

From: Zarin Roberta B
Sent: Thursday, May 09, 2013 4:00 PM
To: Lerner Lois G
Subject: FW: American Journalism Review: seeks comment on March study on IRS policy re: media/newspaper orgs seeking exempt status - says deadline COB tomorrow (Friday)

(b)(5)

Bobby Zarin, Director
Communications and Liaison
Tax Exempt and Government Entities
202-283-8868

From: Williams Grant
Sent: Thursday, May 09, 2013 1:40 PM
To: Zarin Roberta B; Eldridge Michelle L
Subject: American Journalism Review: seeks comment on March study on IRS policy re: media/newspaper orgs seeking exempt status - says deadline COB tomorrow (Friday)

Bobby and Michelle,

We have received the inquiry below from the American Journalism Review magazine that asks about a March study by The Council on Foundations on IRS policy on media/newspaper organizations seeking tax -exempt status. The reporter said her editor asked her to contact the IRS for comment on the study, its findings/conclusions, etc. She hopes to be told if the IRS has no comment.

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The reporter hopes to hear back by end of day tomorrow (Friday).

The full study is here: <http://www.cof.org/files/Bamboo/home/documents/Nonprofit-Media-Full-Report-03042013.pdf>
A summary of the study is here: <http://www.cof.org/files/Bamboo/home/documents/Nonprofit-Media-Report-Summary.pdf>

Thank you,

Grant Williams
IRS National Media Relations
(202) 622-4000

Hi Grant,

As we discussed earlier, I am writing a story for American Journalism Review, a journalism-centered niche magazine with national circulation, centered around the Council on Foundations study released this March.

In general, the report examines several nonprofit news organizations and uses those case studies to identify five key problems with the IRS policy regarding granting tax -exempt status, and also makes several recommendations about how the IRS can update its policy to fix these issues.

As you will see in the summary (linked above) the study identifies that main problems as:

1. Applications for tax -exempt status are processed inconsistently and take too long.
2. The IRS approach appears to undervalue journalism
3. The IRS approach appears to inhibit the long -term sustainability of tax -exempt media organizations .
4. Confusion may be inhibiting nonprofit entrepreneurs trying to address the information needs of communities.
5. The IRS approach does not sufficiently recognize the changing nature of digital media.

The recommendations the study makes are:

- The IRS methodology for analyzing whether a media organization qualifies for exemption should not take into account irrelevant operational similarities to for -profits.
- The IRS should focus on whether the media organization is engaged primarily in educational activities that provide a community benefit, as opposed to advancing private interests, and whether it is organized and managed as a nonprofit, tax -exempt organization.
- News and journalism do count as “educational” under the tax -exempt rules.
- The IRS should maintain the key structural requirements for being a tax -exempt media organization that properly distinguish it from a commercial enterprise, such as: it cannot have shareholders or investors, it must have a governing board that is independent of private interests, and it cannot endorse candidates or lobby lawmakers.

I was wondering if the IRS had **any comment** regarding the study, its findings, or the 501(c)(3) guidelines themselves? For example, does the IRS have any interest in following through with any of these recommendations?

As I mentioned before, I would appreciate a response as soon as possible this week. If the IRS has no comment, I would also appreciate a response telling me so.

Thank you,
Taylor Griffith

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Taylor M. Griffith
Web Reporter
American Journalism Review