

# United States Senate

WASHINGTON, DC 20510

August 22, 2024

The Honorable Danny Werfel  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue NW  
Washington, D.C. 20224

Dear Commissioner Werfel,

The tone and brevity of your interim response is troubling, leaving us questioning the value of the information you provided and how serious your office takes oversight inquiries.

You will recall, on May 9, 2024, we wrote to you requesting you initiate an investigation into the funders of the criminal activities staining American college campuses.<sup>1</sup> Your staff's response, a basic recitation of Section 6103 of the Internal Revenue Code (IRC) and a referral to the publicly accessible Internal Revenue Service (IRS) Customer Account Services' toll-free number and public e-mail inbox, is insufficient and insulting.<sup>2,3</sup>

The IRS continuously fails to serve Americans in a timely manner.<sup>4</sup> As you may know, your agency's taxpayer service programs are routinely on the Government Accountability Office (GAO) High Risk List.<sup>5</sup> If the IRS policy is to direct United States senators to publicly accessible toll-free numbers and e-mail inboxes, the funds Congress appropriates to the IRS Office of Legislative Affairs each year is clearly being wasted and in need of reprogramming.

Rather than sharing what the IRS is doing to enforce our tax laws, your staff's interim response flatly ignored the substance of our letter. We would remind you, enforcing tax laws is a core mission of the IRS. As IRS Commissioner, you are required to ensure tax-exempt organizations are abiding by the terms of their tax-exemptions, without partisan favor.

It is unfortunate that in the months since October 7, 2023, we have seen individuals engage in horrible criminal acts, including vulgar antisemitism as part of their misguided support of Hamas. As you know, Hamas—which still holds American citizens hostage in the Gaza Strip—is an Islamist-supremacist terrorist organization hell-bent on perpetrating a genocide against the Jewish people in Israel and around the world, including in the United States.<sup>6</sup> When tax-exempt

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<sup>1</sup> Letter from Senators Ernst, et. al. to Commissioner Werfel (May 9, 2024) (on file with sender).

<sup>2</sup> Letter from IRS Director of Compliance Planning & Classification to Senator Ernst (May 22, 2024) (on file with recipient).

<sup>3</sup> Letter from Commissioner of Internal Revenue, Daniel I. Werfel to Senator Ernst (June 26, 2024) (on file with recipient).

<sup>4</sup> DeMatteo, Megan, and Dan Avery, *Waiting on your tax refund? Here's how you can check its status with the IRS*, CNBC (Apr. 28, 2024), <https://www.cnbc.com/select/how-to-check-the-status-of-your-tax-refund/>.

<sup>5</sup> U.S. Gov't Accountability Office, GAO-23-106207, High Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas (2023).

<sup>6</sup> The Covenant of the Islamic Resistance Movement [Constitution] Aug. 18, 1988 [Hamas].

entities throw their lot in with criminal organizations like Hamas, it is your responsibility to enforce tax law, without partisanship. Unfortunately, you are not honoring your duty in this manner.

In the time between our May 9 letter and this one, the National Students for Justice in Palestine (NSJP), in a post on the social media platform “X,” has called U.S. elected officials “our enemies.”<sup>7</sup> In the same post, this group—whose financial backers are tax-exempt 501(c)(3) organizations—called for “revolutionary action of the masses.”<sup>8</sup> How can a group possibly have not violated the terms of its tax-exempt status when it funnels money to a group calling duly-elected members of Congress “enemies” while advocating for revolution?

The issue extends beyond NSJP. Most recently, press reports indicate the clothing brand Patagonia “sent more than \$139,000 since 2016 to Alliance for Global Justice (AFGJ), ... linked to the Popular Front for the Liberation of Palestine terrorist group – a fact that prompted donors and payment processors such as PayPal to cut ties with AFGJ.”<sup>9</sup> Patagonia is not alone, nor is their tax-related malfeasance new. In fact, this February the company was hit with a complaint for misrepresenting political contributions to Democrats in 2022 as grants.<sup>10</sup> Yet Patagonia, similar to NSJP’s 501(c)(3) funders, have retained their tax exemptions. We are left wondering whether anyone at the IRS is paying attention to this issue at all.

An entity’s tax-exempt status is a privilege, and it is your responsibility to ensure only those who abide by tax laws are granted this privilege.

Therefore, to assist us in our oversight work, please answer the following questions and provide the following information no later than September 5, 2024:

1. Is it standard policy for the IRS to refer congressional requests to publicly accessible toll-free hotlines and e-mail inboxes? If so, please provide us with the policy. If not, why did you and the Director of Compliance Planning & Classification feel it was appropriate to do so in this instance?
2. While remaining compliant with 26 U.S.C. § 6103:
  - a. How many investigations have you initiated since October 7, 2023 to determine whether entities have violated the terms of their tax-exempt status?
    - i. How many of those investigations have concluded?
    - ii. How many of these investigations resulted in the revocation of an entity’s tax exemption?

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<sup>7</sup> @NationalSJP, Twitter (Jun. 26, 2024, 12:18PM), <https://twitter.com/NationalSJP/status/1805999128536625321/photo/4>.

<sup>8</sup> Id.

<sup>9</sup> Kaminsky, Gabe, *Patagonia funneled thousands to Palestinian terrorism-linked group, documents show*, Washington Examiner (Jun. 11, 2024, 7:00AM), <https://www.washingtonexaminer.com/news/investigations/3034001/patagonia-palestinian-terrorism-linked-group/>.

<sup>10</sup> Catenacci, Thomas, *Major outdoor clothing company quietly operating liberal dark money group hit with FEC complaint*, FOXBusiness (Feb. 22, 2024, 4:00AM), <https://www.foxbusiness.com/politics/major-outdoor-clothing-company-quietly-operating-liberal-dark-money-group-hit-fec-complaint>.

- b. Provide us with a list of 501(c) entities whose tax exemptions have been revoked in the year preceding the date of this letter. Information responsive to this request should include the basis for each of the revocations.
- c. Currently, the most recent data available regarding the list of 501(c)(3) organizations which have had their tax-exempt status revoked was revised on January 29, 2021.<sup>11</sup> When do you anticipate the IRS will update this list and make it publicly available?
- d. What is the average length, in days, of an IRS investigation into a 501(c) organization before a determination is made as to that organization's tax-exempt status?


When you testified in front of the Senate Finance Committee, you stated, "Public trust requires transparency, collaboration with oversight entities such as Congress, adherence to the rule of law, and responsible stewardship of taxpayer dollars. Public trust also requires that the government carry out its mission fairly and equitably."<sup>12</sup> Your agency's two responses to our letter indicate the tone you have set at the IRS is fundamentally at odds with this sentiment.

Thank you for your time and attention to this request. Please reach out to our staffs with any questions or concerns you may have.


Sincerely,




Joni K. Ernst  
United States Senator




Kevin Cramer  
United States Senator



John Thune  
United States Senator



Roger W. Marshall  
Roger Marshall, M.D.  
United States Senator



Marsha Blackburn  
United States Senator

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<sup>11</sup> Internal Revenue Service, Revocations of 501(c)(3) Determinations, (Jan 29, 2021).

<sup>12</sup> *Hearing to Consider the Nomination of The Honorable Daniel I. Werfel, of the District of Columbia, to be Commissioner of Internal Revenue for the term expiring November 12, 2027, 118th Cong. (2023)* (testimony of Daniel Werfel).