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House Tax Bill Gives Political Churches a Multi-Billion Dollar Payoff

Tim Delaney, President and CEO of the National Council of Nonprofits, which advocates on behalf of the work of charitable nonprofits nationwide, released the following statement on the House Tax Cuts and Jobs Act:

“Newly politicized churches will receive a taxpayer-subsidized payoff of more than a billion dollars each election cycle if a provision tucked in the back of the House GOP tax bill passes. The provision is shameless, even by Washington standards. The entire tax reform bill should be defeated – and all the work and hope for a better tax code would be lost – if this one provision survives the House Ways & Means Committee.

“Buried deep on page 427 of the tax bill, at Section 5201, is a provision that would exempt televangelists and churches from longstanding law prohibiting 501(c)(3) tax-exempt organizations from endorsing candidates for public office. The broad nonprofit community, houses of worship, foundations, the general public, and law enforcement community vigorously oppose this outrageous change.

“The Multi-Billion Dollar Bonus to political churches, according to testimony on Monday by Congress’ nonpartisan Joint Committee on Taxation (JCT), comes from money diverted from political campaign committees, social welfare organizations,

and other dark money sources. Money for politics today is not tax deductible; but it will be – by more than a billion dollars every election cycle - if Section 5201 passes, allowing churches to take tax-deductible donations AND endorse candidates. The sham “churches” that would spring up would be the new Mega PACs, making Super PACs look tiny by comparison. Why donate to a candidate or a political party’s campaign committee when you can make a contribution to a new political ‘church’ and get a tax deduction for it? The Chief of Staff of the JCT exposed this scam for what it is when he was asked how the nonpartisan office of Congress calculated that Section 5201 cost the U.S. Treasury \$2.1 billion over ten years. He testified ‘And so it’s a diversion of some of the substantial growth in political contributions into a deductible form that is not deductible today.’ See 00:54:39 to 00:57:07 of [JCT testimony](#).

“Dollars diverted from public good to political ambitions; expansion of corruption in the 501(c)(3) space; exploitation of ‘sanctuaries’ for political gain; public faith undermined. Nonprofits have several concerns with H.R. 1, but the tax reform bill should be defeated based on this one provision alone.”

Additional Background

Section 5201 of the House tax bill aims to gut a law signed by President Eisenhower (sometimes called the “Johnson Amendment”) that has protected charitable nonprofits, houses of worship, and private foundations from the toxic divisiveness of partisan politics. Current law provides that 501(c)(3) organizations, as a condition of tax-exempt status and the ability to receive tax-deductible contributions, may not endorse or oppose candidates for public office or divert charitable assets from mission to support political campaigns. Section 5201 would create a giant loophole for churches, based on the false allegation that religious speech is infringed by this longstanding and widely-embraced protection in the law.

This proposed change conflicts with the views of the vast majority of organizations that benefit from the Johnson Amendment and want it unchanged, as reflected in the [Community Letter in Support of Nonpartisanship](#), signed by more than 5,500 organizations in all 50 states, in the [Faith Voices letter](#) signed by more than 4,200 faith leaders, in the separate letter signed by more than [100 denominations and major religious organizations](#), and another letter from the [law enforcement community](#), as well as polls showing that 72 percent of the [public support keeping the Johnson Amendment](#) in place and nearly [90 percent of evangelical pastors](#) who

say it is wrong for preachers to endorse candidates from the pulpit.

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The National Council of Nonprofits (Council of Nonprofits) is a trusted resource and proven advocate for America's charitable nonprofits. Connecting the policy dots across all levels and branches of governments, the Council of Nonprofits keeps nonprofits informed and empowered to create a positive public policy environment that best supports nonprofits in advancing their missions. Working with and through the nation's largest network of nonprofits - with 25,000-plus organizational members - we identify emerging trends, share proven practices, and promote solutions that benefit charitable nonprofits and the communities they serve.