



U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS
1139 LONGWORTH HOUSE OFFICE BUILDING
Washington, DC 20515

March 24, 2025

The Honorable Melanie Krause
Acting Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Dear Acting Commissioner Krause,

I write today to refer the New Georgia Project, a Georgia-based 501(c)(3) tax-exempt organization, for investigation and ultimately revocation of its tax-exempt status. In January 2025, the Georgia State Ethics Commission (“GSEC”) fined the New Georgia Project \$300,000 – the largest penalty in the Ethics Commission’s history and possibly the largest ethics fine ever issued in the United States – for illegal contributions to Stacey Abrams’ 2018 gubernatorial campaign.¹ The New Georgia Project, which at the time was led by U.S. Senator Raphael Warnock, admitted to 16 violations of state law.² The GSEC found that the New Georgia Project failed to disclose over \$4.2 million in contributions and over \$3.2 million in expenditures during the 2018 election cycle.³

As you know, under Internal Revenue Code Section 501(c)(3), organizations are strictly prohibited from participating in or intervening in any political campaign on behalf of or in opposition to any candidate for public office.⁴ The IRS may revoke an organization’s tax-exempt status or assess excise taxes for certain types of violations if it determines the organization is noncompliant as it relates to political campaign intervention.⁵ According to the GSEC’s findings, the New Georgia Project accepted contributions and made expenditures “for communications of express advocacy in the 2018 cycle...to influence the election for Governor to the benefit of Stacey Abrams’ candidacy along with other statewide candidates.”⁶ The New Georgia Project’s

¹ New Georgia Project, Inc., Georgia State Ethics Comm’n, Case No. 2019-0050PC; Johnny Edwards, *New Georgia Project fined \$300K for alleged illegal campaign activities linked to Stacey Abrams*, FOX 5 ATLANTA (Jan. 15, 2025), <https://www.fox5atlanta.com/news/new-georgia-project-fined-300k-alleged-illegal-campaign-activities-linked-stacey-abrams>.

² New Georgia Project, Inc., Georgia State Ethics Comm’n, Case No. 2019-0050PC.

³ *Id.*

⁴ 26 U.S.C. § 501(c)(3).

⁵ Internal Revenue Service, *The Restriction of Political Campaign Intervention by Section 501(c)(3) Tax-Exempt Organizations*, <https://www.irs.gov/charities-non-profits/charitable-organizations/the-restriction-of-political-campaign-intervention-by-section-501c3-tax-exempt-organizations> (last accessed May 24, 2023).

⁶ New Georgia Project, Inc., Georgia State Ethics Comm’n, Case No. 2019-0050PC.

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intervention in the 2018 election cycle in support of Stacey Abrams and other candidates' campaigns amounts to a clear violation of their tax-exempt status.

The IRS has previously revoked the tax-exempt status of a 501(c)(3) organization for violating the prohibition on political campaign activity. In 2014, the IRS issued a final adverse determination regarding an unnamed organization's tax-exempt status for having "participated or intervened in political campaigns on behalf of and in opposition to candidates for public office by publishing and distributing statements."⁷ This determination letter cited United States Department of the Treasury Regulation § 1.501(c)(3)-1(c)(3), which states that if an organization engages in certain activities, including participation or intervention in any political campaign, they are "classified as an 'action organization,' which is an organization deemed to not have operated exclusively for tax-exempt purposes and thus is not an organization described in Section 501(c)(3)."⁸ The GSEC's findings show that the New Georgia Project has participated in activities and events outside of the organization's tax-exempt purpose and should therefore lose its tax-exempt status and be reclassified as an "action organization."

While the Internal Revenue Code does allow for 501(c)(3) organizations to engage in certain nonpartisan voter education activities that do not constitute prohibited political campaign activity, including public forums and publishing voter education guides, it is clear that the New Georgia Project crossed the line into prohibited activity by intervening in the 2018 election cycle on behalf of Stacey Abrams and several other candidates.⁹ As *The New York Times* wrote in January 2025, [t]he New Georgia Project's admissions raised questions about whether it had also violated the provision in federal tax law that bars tax-exempt charities from endorsing candidates."¹⁰

I request that you use your authority to make this referral a priority and make certain the IRS moves quickly to examine and revoke the tax-exempt status of the New Georgia Project. Thank you in advance for your time, cooperation, and response. If you have any questions, please contact Ways and Means Majority staff at (202) 225-3625.

Sincerely,



Jason Smith
Chairman
Committee on Ways and Means

⁷ Internal Revenue Service, Written Determination Number 201416011 (April 18, 2014), <https://www.irs.gov/pub/irs-wd/1416011.pdf>.

⁸ 26 CFR 1.501(c)(3)-1; *Id.*

⁹ *Id.*

¹⁰ David A. Fahrenthold, *Nonprofit Founded by Stacey Abrams Admits Secretly Aiding Her 2018 Campaign*, THE NEW YORK TIMES (Jan. 15, 2025), <https://www.nytimes.com/2025/01/15/us/politics/nonprofit-stacey-abrams.html>.