United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

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

Rep. Smucker (R-PA)

Background:

- Fiscal sponsorship is a formal arrangement in which an established 501(c)(3) tax-exempt organization, the "fiscal sponsor," **extends its legal and tax-exempt status** to an unincorporated project or group.
    - This allows the project to solicit tax-deductible donations **without having to incorporate, apply for its own tax-exempt status, or fill out Form 990**.
- **Fiscal sponsorship appears nowhere in the Internal Revenue Code** or Treasury regulations – it exists only through IRS guidance, private letter rulings, and practitioner convention.
- While most arrangements are legitimate and carry out the sponsoring organization's charitable purpose, the Committee has found that **some organizations are taking advantage of the lack of transparency** these arrangements provide.
    - For example, in 2024 the Committee found that Alliance for Global Justice, **a 501(c)(3) organization, fiscally sponsored Samidoun, which Treasury designated in October 2024** as a sham charity and fundraiser for the PFLP, a designated terrorist organization.
    - Alliance for Global Justice **was never required to disclose Samidoun as a project on their Form 990** despite giving them the benefit of tax-exempt status.

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

- **Requires tax-exempt organizations to disclose the following information regarding certain fiscally sponsored projects**:
    - **Name** of each party, other than any individuals, subject to the arrangement;
    - Aggregate **amount** of funds made available or transferred to the fiscally sponsored project;
    - **Description** of the activities related to the amounts made available or transferred;
    - **Name of the individual designated as the principal officer** managing the fiscal sponsorship arrangement on behalf of the organization; and
    - **Date on which the arrangement began**, and if applicable, the date on which the arrangement ended.
- Also **imposes excise taxes** on organizations acting merely as a conduit for a third party that is not tax-exempt.