

# NEWS

from

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## *Special Alert*

### **Regarding Public Law 106-230, Amending Section 527**

#### ***YOUR COMMITTEE OR ORGANIZATION MAY BE SUBJECT TO AN IRS REGISTRATION AND FILING REQUIREMENT***

On July 1, 2000, President Clinton signed Public Law 106-230, amending section 527 of the Internal Revenue Code. Section 527 provides for the federal income tax treatment of political organizations, including state and local candidate committees and other state and local political organizations. The new law provides for 3 different reporting and disclosure requirements. First, under section 527(i) of the Code, political organizations are required to notify the Internal Revenue Service (IRS) both electronically and in writing of their status as section 527 organizations. The new law also requires section 527 political organizations to file periodic reports with the IRS.

It is your responsibility to determine if your committee or organization is required to register with the IRS and file reports. It appears that any candidate committee or political organization that reasonably anticipates that it will have less than \$25,000 in gross receipts for any taxable year is excluded from these new disclosure requirements. We suggest you contact an attorney or the IRS to determine your status. To get updated information, please check the IRS website at <http://www.irs.gov/charities/political/index.html>.

You can obtain further information about this new law from the IRS website at <http://www.irs.gov/charities/political/index.html> or by calling the IRS Customer Account Services at (877) 829-5500 (toll-free).