

July 20, 2011

3 Groups Denied Break by I.R.S. Are Named

By [STEPHANIE STROM](#)

Three nonprofit advocacy groups that were denied tax exemption by the [Internal Revenue Service](#) were all units of [Emerge America](#), an organization devoted to cultivating female political leaders for local, state and federal government.

The I.R.S. denied tax exemption to the groups — Emerge Nevada, Emerge Maine and Emerge Massachusetts — because, the agency wrote in denial letters, they were set up specifically to cultivate Democratic candidates. Their Web sites ask for evidence that participants in their training programs are Democrats.

News of the I.R.S. decision, which surfaced in [heavily redacted denial letters](#) to the groups that were posted to the agency's Web site last Thursday, raised concerns among advocacy groups, known as 501(c)(4) organizations after the section of the tax code that governs them, at large.

Crossroads GPS, a conservative advocacy organization with ties to Karl Rove, the Republican strategist, sent an e-mail to supporters on Tuesday, assuring them that it was not one of the three groups denied exemption.

Karen Middleton, president of Emerge America, acknowledged on Wednesday that the three state organizations had been denied an exemption. She said the groups were in the process of converting into 527 organizations, which are also tax-exempt but disclose their donors, unlike 501(c)(4) groups.

“We’re all small organizations,” Ms. Middleton said. “We train about 25 Democratic women each year in each state where we work, and we don’t engage in any work that involved candidates or campaigns.”

The I.R.S. has approved five other state Emerge organizations — in California, Arizona, New Mexico, Wisconsin and Kentucky — as advocacy groups.

“It’s just bizarre,” said Kimberly Ellis, executive director of Emerge California. “Nevada has been around and waiting for approval for the last five years, and in the interim, Oregon and Kentucky are established and file for their approval — and Kentucky gets it but Nevada, Maine and Massachusetts don’t.”

Michelle Eldridge, an I.R.S. spokeswoman, said the agency could not comment on individual taxpayers.

Paul Streckfus, a former I.R.S. official, said such inconsistency was not unusual. In part, it is because the office that handles approval of tax-exempt groups, he said, receives hundreds if not thousands of applications a day at its office in Cincinnati. Some of the applications are then sent for processing at field offices around the country, and, in some cases, to headquarters in Washington.

“My guess is that the one that recently got approved went to a different office than the ones that were denied, which seem to have been handled in Washington,” Mr. Streckfus said.

Ms. Ellis said Kentucky’s application was processed in an I.R.S. office in the Western United States. She did not know where the still-pending application of Emerge Oregon ended up.