



## FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI  
CHAIRMAN

March 1, 2013

Mr. Jacob Lew  
Secretary of Treasury  
United States Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Dear Jack:

I wanted to bring to your attention an important study about the IRS and nonprofit news organizations.

Some background. In June, 2011, the Federal Communication Commission released a comprehensive report, "Information Needs of Communities: The Changing Media Landscape in a Broadband Age." It documented the collapse in local journalism, with special attention to the implications for "accountability reporting" on schools, courts, health and other topics of great concern to communities.

The report also noted some positive trends – including a wave of new nonprofit websites created by concerned citizens and journalists to fill the gaps. Millions of Americans have benefited from these civically-minded websites. Yet the report raised concerns that antiquated policies at the Internal Revenue Service might hinder innovation, and suggested that experts in this area take a closer look.

The Council on Foundations, with a grant from the Knight Foundation, convened a bipartisan Nonprofit Media Working Group, comprised of leaders in the foundation and nonprofit sectors. The group has just released its recommendations. While acknowledging the very important distinctions between nonprofit and commercial enterprises that the IRS must enforce, it notes that the agency is using guidelines developed in the 1970s when the media world was quite different. As a result, unnecessary obstacles seem to be getting placed in the way of nonprofit news outlets attempting to educate their communities.

The group, chaired by Steven Waldman, proposes a series of recommendations for steps the IRS might take to modernize.

While I have not taken a position on the specific tax enforcement changes they recommend, I do believe the rise of nonprofit news organizations is a crucially important trend, and this blue-ribbon, bipartisan group has taken a careful, thoughtful approach to removing obstacles to civic innovation. I hope that the Treasury Department and the IRS will carefully consider the recommendations in this report.

Best Wishes,

A handwritten signature in black ink, consisting of a stylized initial 'S' followed by a long horizontal stroke.

cc: Steven Waldman, Chair of the Nonprofit Media Working Group of the Council on Foundations