July 21, 2026

The Honorable Jason Smith
Chairman
Committee on Ways and Means
U.S. House of Representatives
1139 Longworth House Office Building
Washington, DC 20515

The Honorable Richard E. Neal
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
1129 Longworth House Office Building
Washington, DC 20515

Re: July 22, 2026 Markup of Legislation Impacting Charitable Organizations

Dear Chairman Smith and Ranking Member Neal:

On behalf of the Council on Foundations, I'm writing to express opposition to the Fiscal Sponsorship Transparency Act of 2026 (H.R.9721), the Foreign Funding Transparency Act (H.R.9772), and the Stopping Foreign Influence in Elections Act of 2026 (H.R.9771) as currently drafted, which are scheduled for markup in the Committee on Ways and Means on July 22. Ensuring the integrity of our charitable sector is crucial to maintaining public trust and preventing foreign interference. However, as drafted, this legislation risks inadvertently harming our members' charitable initiatives and the communities they serve by imposing vague and undefined rules and placing heavy administrative burdens on organizations.

The Council is a nonprofit membership association that serves as a guide for charitable foundations as they advance the greater good. Building on our 75-year history, the Council supports more than 1000 member organizations in the United States and around the world to build trust in philanthropy, expand pathways to giving, engage broader perspectives, and co-create solutions that will lead to a better future for all.

America's independent charitable sector is a vital pillar of our civil society. Philanthropy provides critical services like disaster relief and response; engages in economic and workforce development; and invests in more beautiful, vibrant communities in every state and district in the country. Fair, consistent oversight of the nonprofit sector that ensures tax-exempt dollars are used appropriately is critical: it protects the integrity of charitable organizations and helps maintain public trust. Likewise, preventing illegal foreign influence in U.S. politics helps preserve the integrity of our democratic processes and protect us from potential threats.

However, as drafted, all three of these bills pose serious risks for our charitable foundation members, their nonprofit partners, and the communities they serve.

H.R.9721: Fiscal Sponsorship Transparency Act of 2026
The Council opposes this bill as drafted.

H.R.9721 creates an unclear definition of fiscal sponsorship, adds burdensome reporting requirements, and includes undefined phrases that make fiscal sponsorships riskier and less appealing. In particular, the ambiguity and vagueness of some of the terms in the bill could create unintended consequences for nonprofits engaging with fiscal sponsorship.

Fiscal sponsorships enable collaboration, expedited action in crisis, and greater efficiency in the use of charitable dollars. For instance, community foundations often use fiscal sponsorship for short-term projects, such as a tent clinic after a natural disaster or celebrations for America's 250th. For projects like these, which tend to be small and self-contained, H.R.9721 mandates an unnecessary level of reporting that may make many fiscal sponsorship arrangements prohibitively burdensome for our members. This will ultimately result in less help going to communities that need it and fewer opportunities to expand charitable services into new areas.

In addition, the definition of fiscal sponsorship lacks clarity and is not consistent with how fiscal sponsorship is currently used. Some arrangements that are currently considered fiscal sponsorships would not be included under this definition. Others that are not considered fiscal sponsorships now would be considered fiscal sponsorships under H.R.9721. This inconsistency would create significant confusion.

Finally, we are concerned about the improper conduit and excise tax provisions in this bill, which are vague and could subject nonprofits to unintended consequences. Some organizations use fiscal sponsorship to incubate nonprofit startups, helping fledgling organizations begin their charitable work before they acquire 501(c)(3) status of their own. The "improper conduit arrangement" definition does not define "discretion and control." This raises the risk that fiscal sponsors could face significant penalties, potentially stifling fiscal sponsorship because organizations will not be willing to accept an undefined level of risk. We encourage the Committee to clearly define these terms in order to avoid any unintended consequences.

H.R.9772: Foreign Funding Transparency Act

The Council opposes this bill as drafted.

H.R.9772 effectively forces nonprofits to learn the nationality of their donors, even donors contributing relatively small amounts of cash. Currently, nonprofits do not necessarily collect such information—for example, an organization may hold a donation drive in the aftermath of a hurricane or tornado, collecting many small dollar donations without asking for extensive information from their donors. Expanding the list of questions they must ask and the information they must report could damage relationships with their donors and community, chilling charitable giving and hurting the communities it helps support.

Some of this harm could be alleviated by requiring that nonprofits collect and report this information only for substantial donations and by redacting it in the public Form 990, similar to current Schedule B requirements.

H.R.9771: Stopping Foreign Influence in Elections Act of 2026
The Council opposes this bill as drafted.

We agree that foreign influence should be kept out of American elections. We strongly support the longstanding prohibition on charities engaging in political campaign intervention. It is rightly illegal for charitable dollars to support political candidates or campaigns—doubly so for charitable dollars from foreign sources.

As we understand it, this bill would define all 501(c)(4) organizations as political entities. These not-for-profit organizations are permitted to engage in some political campaign work—but they are not solely political entities, and many engage in charitable activities consistent with those outlined in section 501(c)(3). As such, 501(c)(3) organizations are permitted to grant to 501(c)(4)s as long as they are only funding work that is consistent with a charitable purpose.

Prohibiting 501(c)(3)s that have received *any* funding from foreign nationals in the previous two years, even minimal amounts, from supporting 501(c)(4)s—even if it is not the foreign donation that is supporting the 501(c)(4), and even when only supporting legally permissible charitable purposes—is unnecessary and ignores the valuable charitable work these organizations engage in.

Conclusion

The Council remains committed to working with the Committee to address these concerns and achieve the goal of preserving nonprofit integrity and safeguarding our electoral system without creating overly burdensome requirements or chilling charitable giving. We believe we can strengthen public trust in nonprofits and our democracy without harming the communities that rely on philanthropy's support.

Sincerely,
Kathleen Enright
President and CEO

CC: Members of the House Ways and Means Committee