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**D.C. Bar Taxation Section, Letter to the Honorable Phil Mendelson,
Chairman, Committee on the Judiciary of the District of Columbia Council
Re: Bill 16-759, Nonprofit Organizations Oversight Improvement Act of
2006**

One-Page Summary

Bill 16-759 (the "Bill"), which makes a number of changes to the D.C. Nonprofit Corporation Code, has recently come to the attention of many members of the D.C. nonprofit community. The Bill is scheduled for markup by the Committee on the Judiciary on December 1, 2006, and may be considered by the D.C. Council shortly thereafter. Several organizations representing nonprofits have expressed concern about the impact of the Bill, as have members of the Exempt Organizations Committee of the Tax Section. Accordingly, the Steering Committee^{1/} of the Taxation Section of the District of Columbia Bar has voted to issue a public statement request that the Committee on the Judiciary and the D.C. Council postpone action on the Bill until more nonprofit organizations potentially affected by the Bill have had an opportunity to review and comment on it.

Disclaimer: The views expressed herein represent only those of the Taxation Section of the District of Columbia Bar and not those of the D.C. Bar or of its Board of Governors.

^{1/} Steering Committee of the Taxation Section: John P. Barrie (Chair), Linda E. Carlisle, Andrew M. Eisenberg, James P. Joseph, Edgar D. McClellan, Rebecca I. Rosenberg, Steven M. Rosenthal, Carolyn O. Ward, and Lisa H. Zarlenga.



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December 4, 2006

The Honorable Phil Mendelson
Chairman, Committee on the Judiciary
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Re: Bill 16-759, Nonprofit Organizations Oversight Improvement Act of 2006

Dear Mr. Mendelson:

We are writing on behalf of the Taxation Section* of the District of Columbia Bar and its Exempt Organizations Committee. With more than 130 members, the Exempt Organizations Committee provides tax-related educational programs for lawyers in the District of Columbia who represent or regulate nonprofit organizations. Most of the Committee's members work with nonprofit organizations in the Washington area, and many are involved in the organization and qualification of entities in the District of Columbia. Several members of the Committee recently had an opportunity to review Bill 16-759, the "Nonprofit Organizations Oversight Improvement Act of 2006" (the "Bill") and concluded that it was important that we contact you. The views expressed herein represent only those of the Taxation Section of the District of Columbia Bar and not those of the D.C. Bar or of its Board of Governors.

We commend you and the D.C. Council for reexamining the District of Columbia Nonprofit Corporation Act (the "Act"), which has not been reviewed comprehensively since its enactment over forty years ago and would benefit from efforts to make it more efficient and modern. However, the Committee believes that the Bill includes several provisions that are confusing and could negatively impact the operations of the thousands of nonprofits in the District of Columbia. Specifically, we would like to join with others who have expressed concern about the Bill's definition and use of the term "nonprofit purpose" and the reliance in several instances on unnecessarily subjective standards for evaluating an organization's activities.

*Steering Committee of the Taxation Section: John P. Barrie (Chair), Linda E. Carlisle, Andrew M. Eisenberg, James P. Joseph, Edgar D. McClellan, Rebecca I. Rosenberg, Steven M. Rosenthal, Carolyn O. Ward, and Lisa H. Zarlenga.

Many organizations and their representatives only recently became aware of the Bill, and we believe it is critical that the nonprofit community have an opportunity to review and comment on the Bill and make recommendations for a broader modification of the Act. Consequently, the Committee respectfully requests that you postpone action on the Bill until more organizations have had an opportunity to review it and the Council has had an opportunity to consider carefully comments describing the nonprofit community's concerns.

Sincerely,

Carolyn O. Ward
Chair, Exempt Organizations Committee, District of Columbia Bar Taxation Section

John P. Barrie
Chair, Steering Committee, District of Columbia Bar Taxation Section

James P. Joseph
Vice Chair, Steering Committee, District of Columbia Bar Taxation Section

cc: The Honorable Linda W. Cropp
The Honorable Jack Evans
The Honorable Carol Schwartz
The Honorable David Catania
The Honorable Kwame R. Brown
The Honorable Jim Graham
The Honorable Kathleen Patterson
The Honorable Adrian Fenty
The Honorable Vincent Orange
The Honorable Sharon Ambrose
The Honorable Vincent C. Gray
The Honorable Marion Barry