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Coalition Contact: Hudson Hollister: hudson.hollister@datacoalition.org / 312-493-7533

PR Contact: Beth Dozier: bethdozier@rational360.com / 202-429-1833

Tech Companies Praise President Obama's Embrace of Data Transparency for Nonprofit Tax Returns in FY 2014 Budget

Proposal in President's Budget Requires E-Filing and Publication of Nonprofit Tax Returns in a Machine-Readable Format; Would Improve Accountability and Generate Tech Jobs

WASHINGTON, D.C. (April 11, 2013) – The [Data Transparency Coalition](http://datacoalition.org), the only trade association unifying the technology industry in support of federal data reform, today applauded President Obama for including a landmark data transparency initiative as part of his proposed budget for fiscal year 2014. The President's budget, released yesterday, asks Congress to require the publication of all nonprofit tax returns in a consistent, machine-readable data format. Currently, the IRS prints nonprofit tax returns, scans them as graphic files onto DVDs, and offers them for sale. They are neither machine-readable nor readily available.

"President Obama's 2014 budget is a landmark step for data transparency and will connect the nonprofit industry to big data analytics," said Hudson Hollister, executive director of the Data Transparency Coalition. "The president's proposal would bring data transparency to nonprofit tax returns by converting them into a machine-readable format and publishing the data online. Data transparency for nonprofit tax returns, as proposed by the president, could allow software to match nonprofits to particular needs, perform market research on the \$6 billion nonprofit industry, make comparisons between nonprofits doing similar work, and help donors decide where to invest their money."

"President Obama's proposal also opens up new opportunities for tech companies and entrepreneurs, including members of the Data Transparency Coalition, to build new businesses that provide these analytics to the nonprofit industry, donors, and regulatory authorities," Hollister continued. "Data transparency doesn't just mean better accountability. It also means new jobs in the tech industry."

The president's data transparency proposal, summarized on page 174 of the Treasury Department's [General Explanations of the Administration's Revenue Proposals](#) ("Green Book"), would (1) require all tax-exempt organizations filing tax returns on the IRS' Form 990 to file them electronically and (2) require the IRS to publish that data in a machine-readable format. Legislative language accomplishing these goals is expected to be introduced in Congress along with the rest of President Obama's budget.

Currently, nearly one-third of tax returns on Form 990 are e-filed, which puts them in a machine-readable data format, but the rest are filed on paper. The Internal Revenue Code requires nonprofit tax returns to be made public. The IRS complies with this requirement by printing the forms – including those originally e-filed – scanning them into TIFF image files, loading them onto DVD-ROM discs, and offering the discs for sale to the

public. The Coalition believes that the information filed on Form 990, because it is legally public, should be available online for free download in a machine-readable format.

“Data transparency for nonprofit tax returns would open a wealth of opportunities for companies providing Big Data analytics to, and about, the nonprofit industry,” said Tim Day, vice president of government relations for Teradata Corporation, an executive member of the Data Transparency Coalition. “This new, previously unavailable information would enable huge leaps in the effectiveness, predictive power, and accuracy of analytics to inform better decisions by nonprofit managers, donors, and government.”

In January 2013, the Aspen Institute published a [report](#) arguing that filings on Form 990 should be published online in a machine-readable format. Beth Noveck, the former deputy chief technology officer of the United States and a member of the Data Transparency Coalition’s Board of Advisors, co-authored the report.

About the Data Transparency Coalition

The Data Transparency Coalition is the only trade association that advocates for data reform in the U.S. government. The Coalition brings together technology companies, nonprofit organizations, and individuals to support policies that require federal agencies to publish their data online, using standardized, machine-readable, nonproprietary data standards. The coalition is steered by a board of advisors. Members include large companies such as Teradata Corporation and RR Donnelley and smaller start-ups such as Level One Technologies and BrightScope. For more information, visit <http://datacoalition.org/>.

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