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IRS Tea Party Scrutiny: What's At Stake For Obama? Nothing Really... Unless There's More

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If there is no evidence the IRS was acting on an order from higher-ups, then President Barack Obama may just walk away unscathed. **Reuters**

News that the Internal Revenue Service has applied special scrutiny to tea party groups continues to heat up ahead of a report expected this week from the Treasury Inspector General for Tax Administration.

Excerpts leaked to various media outlets state that the IRS targeted conservative nonprofits that [criticized the government](#) and those with a stated mission to educate citizens about the Constitution. The agency apologized for the incident Friday, calling the action of employees in its Cincinnati office “inappropriate.”

U.S Attorney General Eric Holder on Tuesday said he ordered an investigation into the IRS scrutiny of tea party groups to see if there were any “criminal violations.” Lawmakers from both sides have criticized the IRS and demanded that it end the practice.

With House Republicans still trying to keep the Benghazi affair in the spotlight, the admission from the IRS could not have come at a more inopportune time for President Barack Obama and Democrats. They are banking on conservative help to pass comprehensive immigration reform. But political scientists say the IRS “scandal,” at least in its present form, doesn’t look like it will have any major negative effects on the administration.

For Obama, the IRS scandal is a distraction that has the potential to take away focus from the issues Americans currently care about -- immigration reform and gun control, particularly background checks -- if the president gets too caught up.

“As long as we are focused on the circus and not on policy, it means it is going to be hard to get anything done on the major policy initiatives that he has before Congress right now,” said David Canon, a political science professor at University of Wisconsin, Madison, who studies Congress.

Canon said it is hard to see how the president will be tied to the IRS scandal when there is currently no evidence connecting Obama to it.

If anything, the scandal that’s brewing highlights the misplaced priorities of the IRS, Canon said, pointing to bigger nonprofits like Karl Roves’ Crossroads GPS and other social-welfare organizations that spent tens of millions on last year’s elections, despite being forbidden from doing so because of their tax-exempt nonprofit status.

According to a report from ProPublica, Crossroads GPS had promised the revenue agency it would only make “limited” efforts to influence elections. Instead, it [spent more than \\$70 million](#) it got from anonymous donors in 2012, the report stated.

“The IRS didn’t go after those big groups,” Canon said. “There clearly are these large groups that are in violations of the tax law. So why they are not going after these big groups and going after these little tea party groups, to me, is the big scandal.”

If Republicans cast immigration reform to the side to focus on the IRS, it could be a goldmine for Democrats heading into the 2014 midterms.

For one, Latinos are playing an increasing large role at the polls and have indicated immigration reform is their top priority. Republicans have reaped success in midterm elections when fewer people vote. However, to cast aside the fast-growing voting bloc could be political suicide if the GOP really wants to gain control of the Senate.

“These are bread-and-butter issues that resonate among American voters, particularly middle class, independents and women,” Tom Whalen, political historian at Boston University, said. He doesn’t think the current situation with the IRS will have any adverse effects for Obama and Democrats heading into 2014 -- “unless there is another shoe to drop here.”

“No president basically has a good second term,” he added. “What’s really worked well for Obama is that people trust him. They think he is reasonable. ... If it can be proven that this was some directive from higher up, then he’s in trouble. This will hurt him politically. But if they can’t make that connection, then there’s no smoking gun. And I think he will be able to escape this.”

Thomas Halper, a professor of constitutional law and civil liberties at Baruch College, said the IRS situation has a certain “Nixonian aroma” on the surface. President Richard Nixon tried to use his control of the IRS as a means to pressure his political enemies during his time in the White House.

For Halper, the question now becomes how independent the IRS officers involved were. He pointed to the American Civil Liberties Union’s report last month that the IRS’s criminal tax division holds the belief that it [can read individual’s emails without a warrant](#).

“It’s not clear if this was approved at the highest level,” Halper said. “Are these two isolated cases or part of a larger pattern? At the very least, Republicans will claim that the agency -- already proverbially unpopular -- is poorly supervised.”

And that is a picture the GOP has been struggling to paint since Ambassador Susan Rice unintentionally gave wrong information pertaining to last year’s incident in Benghazi, Libya, where terrorists attacked the U.S consulate, killing four.

“Of course, the tax code bars not-for-profits from partisan advocacy, but whether this ban is fairly enforced remains to be seen,” Halper said. “Will these events have a significant political effect? Elections are a long way off. If these events are a string that leads to other juicy disclosures, they may have an impact. Otherwise, they ding a car that already has had a few fender benders.”