

# Managing Advocacy and Political Engagement

Nonprofit Organizations Institute



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## Agenda

- Overview: 501(c)(3), 501(c)(4), political orgs
  - Tax law rules for lobbying and election-related activity
- Lobbying issues
  - 501(c)(3) tax rules
  - Strategic and practical considerations
- Election-related activities
  - Limits and strategies for exempt organizations
  - Campaign finance laws and strategies
- General practical considerations



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## Tax Benefits or Advocacy?

	501(c)(3) "Public Charity" <i>(All for public good)</i>	501(c)(4) "Social Welfare Org." <i>(Most for public good)</i>	527 "Political Org." <i>(Most for political work)</i>
Examples	<ul style="list-style-type: none"> <li>• Amer. Red Cross</li> <li>• Heritage Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Sierra Club</li> <li>• Crossroads GPS</li> </ul>	<ul style="list-style-type: none"> <li>• Sierra Club PAC</li> <li>• EMILY's List</li> </ul>
Tax Benefits	<ul style="list-style-type: none"> <li>• Tax-Exemption</li> <li>• Deductible Contribs</li> <li>• Foundation Grants</li> </ul>	<ul style="list-style-type: none"> <li>• Tax-Exemption</li> </ul>	<ul style="list-style-type: none"> <li>• Tax-Exemption</li> </ul>
Lobbying	Limited	Unlimited	Rare (and usually taxable)
Election-Related Activity	Can't support or oppose candidates. Nonpartisan activities OK	Partisan activity can't be primary activity. May be taxable	Primary purpose is partisan activity

## 501(c)(3) Lobbying Limits: Two Tests

- “No Substantial Part” Test
- 501(h) Expenditure Test



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## 501(h) Expenditure Test

- Clear definitions of lobbying
  - Distinguishing grassroots vs. direct lobbying
  - Various exceptions (nonpartisan analysis, requests for technical assistance, etc.)
- Clear dollar-based limits
  - Grassroots limit: 25% of overall limit
  - Maximum lobbying: \$1 million (\$250,000 grassroots)



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