

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"> • Amer. Red Cross • Heritage Foundation 	<ul style="list-style-type: none"> • Sierra Club • Crossroads GPS 	<ul style="list-style-type: none"> • Sierra Club PAC • EMILY's List
Tax Benefits	<ul style="list-style-type: none"> • Tax-Exemption • Deductible Contribs • Foundation Grants 	<ul style="list-style-type: none"> • Tax-Exemption 	<ul style="list-style-type: none"> • Tax-Exemption
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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