

Rules for Nonprofit Lobbying

Nonprofit organizations can play an important role in influencing policy and legislation at the federal, state, and local levels. It is important that your organization understand the rules for lobbying before engaging in any lobbying activities. This document provides an overview of nonprofit lobbying definitions, rules, dos and don'ts, as well as links to additional resources and information.

Types of Lobbying

Direct lobbying is when an organization attempts to influence *specific legislation* by stating its position to a *legislator* (or other government employees who participate in the formulation of legislation) through its staff or members.

Grassroots lobbying is when an organization urges the *general public* to take action on specific legislation. Key elements of grassroots lobbying may include:

- Referring to specific legislation;
- Reflecting or stating a point of view on the legislation's merits; and
- Encouraging the general public to contact legislators.

Depending on the type of reporting of lobbying expenses your organization has selected, you may need to separately report direct lobbying activities and grassroots lobbying activities. At the federal level, no more 25% of lobbying expenses can be expenses for grassroots lobbying activities.

Lobbying Rules^{1 2}

The following chart outlines lobbying rules for nonprofit organizations.

- The "Substantial Part" column applies to organizations that have **NOT** filed the Internal Revenue Service (IRS) Form 5768 indicating that the organization plans to engage in permitted lobbying activities.
- The "Expenditure Test" column applies to organizations that **HAVE** filed the IRS Form 5786, also known as the 501h election.

Substantial Part	vs.	Expenditure Test
<ul style="list-style-type: none"> • No certain and definitely allowable amounts of lobbying expenditures 		<ul style="list-style-type: none"> • Clear and specific definitions of lobbying
		<ul style="list-style-type: none"> • Certain and definitely allowable amount of lobbying expenditures
<ul style="list-style-type: none"> • A single year violation may result in the loss of tax-exempt status 		<ul style="list-style-type: none"> • Safe harbor exceptions

¹ <http://www.irs.gov/Charities-&-Non-Profits/Measuring-Lobbying:-Substantial-Part-Test>

² <http://www.irs.gov/Charities-&-Non-Profits/Measuring-Lobbying-Activity:-Expenditure-Test>

<ul style="list-style-type: none"> Importance of an issue is a relevant factor in determining permissible lobbying activity 	<ul style="list-style-type: none"> No jeopardy to tax-exempt status for a single year violation
<ul style="list-style-type: none"> Possible additional reporting burden on tax form 990 	<ul style="list-style-type: none"> Importance of an issue is not a factor in measuring permissible lobbying activities
	<ul style="list-style-type: none"> Possibly less reporting burden than substantial part test

The Dos and Don'ts of Nonprofit Lobbying ³

Activities	Permitted	Not Permitted
Encourage members and non-members to write letters	X	
Meet with/speak with policymakers about legislation	X	
Testify at public hearings	X	
Provide research, analysis and commentary	X	
Publicly endorse or oppose specific legislation	X	
Invite a policymaker to visit	X	
Raise funds for candidates		X
Publicly support or oppose candidates		X
Use federal funds to lobby (some exceptions apply)		X
Use private "non-earmarked" funds to lobby	X	

More Tools and Resources

- IRS Lobbying Rules
<http://www.irs.gov/Charities-&-Non-Profits/Lobbying>
- Worry Free Lobbying for Nonprofits
<http://www.councilofnonprofits.org/book/worry-free-lobbying-nonprofits-how-use-501h-election-maximize-effectiveness>
- Advocacy Guides and Resources
<http://www.advocacyandcommunication.org/tools-resources/>
- Lobbying FAQ
<http://www.clpi.org/the-law/faq>

³ <http://www.councilofnonprofits.org/book/worry-free-lobbying-nonprofits-how-use-501h-election-maximize-effectiveness>