

## Nonprofits and Lobbying – The Facts

Many arts organizations are concerned about lobbying and their tax-exempt status – and the role of Maryland Citizens for the Arts. In fact, nonprofit 501(c)(3) arts organizations can lobby without jeopardizing their tax-exempt status. The current IRS rulings allow most nonprofit organizations to undertake a significant amount of lobbying. In 1976, Congress passed landmark legislation that recognized lobbying as an entirely proper function of nonprofits, and the IRS subsequently issued regulations in 1990, pursuant to the 1976 lobby law, that greatly extended the lobbying rights of nonprofits.

What these regulations mean is that only the expenditure of money by an organization to influence legislation is lobbying. If there is no expenditure, there is no lobbying. Therefore, lobbying by a volunteer for a nonprofit is not counted as an expenditure, and so is not lobbying. If, however, the volunteer is reimbursed by the nonprofit for expenses, then the reimbursed funds count as lobbying.

### *Lobbying Ceilings*

Even if a nonprofit organization is lobbying, there are allowable expenditures. Organizations with exempt-purpose budgets of up to \$500,000 can spend up to 20% of their budgets on lobbying. Organizations with exempt-purpose budgets from \$500,000 - \$1 million can spend \$100,000 + 15% of the excess over \$500,000.

There are also many expenditures that have some relationship to public policy issues and changes that are not treated as lobbying – and so have no limit.

Some examples:

- Contacts with executive branch employees or legislators in support of or opposition to proposed regulations is not considered lobbying.
- A nonprofit's communications to its members on legislation is not lobbying so long as the nonprofit doesn't directly encourage its members or others to lobby.
- A nonprofit's discussion of broad social, economic, and similar policy issues whose resolution would require legislation – even if specific legislation on the matter is pending – is not considered lobbying as long as the discussion does not address the merits of specific legislation.

For further information, see *The Nonprofit Lobbying Guide* by Bob Smucker, a publication of Independent Sector. Visit their web site at [www.indepsec.org](http://www.indepsec.org).

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