

Non-Profit Resource Sharing Finance and Tax

Lobbying Costs and New Reporting Rules for 2010

BAAC Meeting

January 16, 2010

Tiburon, CA

Non-Profit Resource Sharing

Finance and Tax

- Lobbying Costs

- It is perfectly legal for a nonprofit charitable 501(c)(3) organization to lobby or to work for passage of a piece of legislation at any time
- In 1976 subjective rules were replaced by clear tests by filing a Sec. 501(h) election on Form 5768
 - * Up to 20% of 1st \$500K of expenditures on lobbying
 - * Over \$500K it is 15% (Capped at \$1M)
 - * Grassroots lobbying expenditures limited to 25% of applicable ceiling amount for that organization
 - * Excise tax of 25% on excess spent over ceiling
 - * Loss of tax exempt status invoked if spending normally exceeds 150% of the limit, over 4 years.

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- Lobbying
 - Defined as the expenditure of money for the purpose of attempting to influence the passage or defeat of a specific piece of legislation
 - The standard is strictly financial – the only factor is the cost of communications for lobbying which include the cost of preparing the communication (staff time, facilities, overhead).
 - Lobbying by volunteers is not counted...no cost.
- Two types of Lobbying
 - Direct Lobbying
 - Grassroots Lobbying

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- Direct Lobbying
 - Defined as Communication with a legislator, a legislative staff member or any other government official that may participate in the formation of legislation by the organization's staff and its members
 - The communication must refer to a specific piece of legislation and reflect a point of view
 - Some activities are not considered lobbying:
 - * Research on an issue or fact finding
 - * Self defense (of your own tax exempt status)
 - * Response to a written request for assistance
 - * General public education communications
 - * Communication with members w/o urging action

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- Grassroots Lobbying
 - Defined as communication that encourages the general public, other than an organization's members to contact their legislators in support of a specific piece of legislation
 - Communication must ask for the participants to take specific action on that piece of legislation
 - Expenditures are limited to 25% of organization's total lobbying limits
 - Example: Organization's overall annual spending is \$300,000 the 20% is lobbying limit or \$60,000 and of that \$60,000, 25% or \$15,000 may be spent on grassroots lobbying

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- Federal Restrictions on Lobbying
 - Endorsing or Opposing a political candidate
 - Collecting and Distributing Funds for Political Campaign or use of facilities for political fundraising or forming PAC's or providing membership lists or publishing materials favoring one candidate over another
- Staff, Board member and general members are free to participate in political campaigns, however, you must not advertise yourself as representing the charitable organization

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- Other areas for Resource Sharing:
 - Where are the Experts?
 - * Fund Raising (e.g.: Birdathons)
 - * Environmental Education
 - * Finance (Grants, tax filings, etc.)
 - * Science (EIR reviews)
 - What is the best way to Share our resources to benefit the environment and our common mission and goals

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Thanks for Listening !

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