Non-Profit Resource Sharing
Finance and Tax

Lobbying Costs and New Reporting Rules for 2010

BAAC Meeting
January 16, 2010
Tiburon, CA
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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
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 of 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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