

Please contact any member of our team for  
additional information regarding tax-exempt organizations:

Sarah Duniway, chair  
Catherine M. Bitzan  
John R. Green  
Lee W. Hanson  
Thomas L. Johnson  
Greg A. Larson  
Sheryl G. Morrison  
Clinton A. Schroeder

Jennifer Reedstrom Bishop  
Julie A. Frommelt  
Richard A. Hackett  
Robert E. Harding  
Timothy A. Johnson  
Carl Crosby Lehmann  
Julia S. Offenhauser

For complimentary copies of this publication, please contact Sarah Duniway at  
[sarah.duniway@gpmlaw.com](mailto:sarah.duniway@gpmlaw.com) or 612.632.3055.

©2009 Gray Plant Mooty

## Political Campaign Activity

### QUICK TIPS FOR TAX-EXEMPT ORGANIZATIONS



*The Internal Revenue Code restricts the political campaign activities of all tax-exempt organizations. This guide is a quick reference to common election-year situations and their potential impact on an organization's tax-exempt status. Please note that this guide does not discuss the more stringent restrictions on private foundation campaign activities.*

*In addition to tax-exempt issues discussed in this guide, state and federal election laws regulate political activities. Please consult your advisor before engaging in any political activities. In addition, please see our publication, *Lobbying Activities*, for information regarding lobbying activities by tax-exempt organizations.*

### **501(C)(3) ORGANIZATIONS**

#### ***Prohibited Activities***

- 501(c)(3) organizations are absolutely prohibited from participating or intervening in a political campaign including endorsing or opposing any candidate for any political office (federal, state, or local), and from contributing anything of value to candidates, political parties, and PACs (including facilities, personnel, and finances).
- If the IRS finds a section 501(c)(3) organization engaged in prohibited campaign activity, the organization could lose its tax-exempt status and it could be subject to an excise tax on the amount of money spent on that activity.

#### ***Permissible Activities by Individuals***

- Individual campaign activity by employees or agents of an organization is permissible if the individual does not represent the organization as he or she carries on the campaign activity. Officers and representatives of an organization may endorse or oppose a candidate only if they are clearly acting in their individual capacities.
- An official of an organization (officer, director, key employee) may be identified as such as long as it is made clear that the official is acting in his or her individual capacity and not as a representative of the organization. The IRS has offered the following disclaimer: "Organization shown for identification purposes only; no endorsement by the organization is implied."

### ***Permissible Activities by Organizations***

The following organizational activities are also permissible, if they are conducted to be absolutely neutral with respect to individual candidates or political parties, in both content and context:

- Articles concerning an election or candidates in newsletters or other publications if the article does not advocate for or against a particular candidate. Publishing editorials favoring or opposing a candidate is, however, a prohibited campaign activity.
- Sponsoring debates between candidates is allowed, if all candidates are invited. If all candidates are not invited, objective criteria must be used to select those candidates eligible to participate.
- Neutral get-out-the-vote drives may be held.
- Voter guides, which contain the voting records of incumbents on a wide variety of issues, may be distributed for the purpose of educating voters if there is no implicit or explicit approval or disapproval of the voting records or editorial comment on a particular candidate. Voter guides, including only select issues of interest to the organization, may not be permitted. Candidate "ratings" by an organization are also not permitted.
- Rental of mailing lists to candidates is permissible and advertising may be accepted from candidates on the same basis as such services would be provided to non-candidates. All candidates must be informed of the opportunity.

### **NON-501(C)(3) TAX-EXEMPT ORGANIZATIONS**

- A 501(c)(4) tax-exempt organization may participate in political campaigns without jeopardizing its tax-exempt status as long as such activity is not the primary purpose of the organization. Federal or state campaign finance rules may limit an organization's activities, however.
- A "527" organization is operated primarily for the purpose of influencing the selection, nomination, election, or appointment of an individual to federal, state, or local office and is subject to unique tax rules.