

LOBBYING ACTIVITIES OF PUBLIC CHARITIES

DEFINITION

The Internet Society is tax-exempt under 501 (c)(3) and further classified as a “public charity” under 509 (a)(1) of the Internal Revenue Code; therefore the following regulations are applicable to ISOC. Lobbying activity includes carrying on a propaganda campaign or attempting to influence legislation at any level of government. Influencing legislation is defined as contacting or urging the public to contact members or employees of a legislative body for the purposes of proposing, supporting or opposing legislation, or by advocating the adoption or rejection of legislation.

EXCEPTIONS

Public charities may provide technical advice to a governmental body or committee in response to a written request by such body, where such advice is then used to influence or pass legislation. Another exception under the lobbying regulations is one that permits communications between the public charity and its bona fide members with respect to legislation or proposed legislation of direct interest to the organization and its members. Communications to any legislative body with respect to a possible decision by such body which might affect the existence of the public charity, its powers, duties and tax-exempt status is also a permissible activity and meets an exception under the lobbying regulations. Exempt organizations that are involved in public policy issues may prepare and distribute educational materials on a nonpartisan basis but need to be certain that they are not carrying on a propaganda campaign.

LIMITS

The general rule is that public charities may engage in lobbying as long as it does not constitute a “substantial part” of their total activities. The Internal Revenue Service will consider both the quantity and quality of a public charity’s actions. As an alternative to the “substantial part” test, tax-exempt organizations (other than church organizations and private foundations) may elect a sliding scale limitation on lobbying activities by filing a special form with the IRS. (Form 5768) The permissible lobbying amount for any taxable year is the lower of 1) \$1M or 2) the amount determined under the table found on the following page.

**IF THE EXEMPT PURPOSE
EXPENDITURES ARE**

**ALLOWABLE LOBBYING
AMOUNT**

<ul style="list-style-type: none">• Not over \$500K	<ul style="list-style-type: none">• 20% of exempt purpose expenditures
<ul style="list-style-type: none">• Over \$500K but not over \$1M	<ul style="list-style-type: none">• \$100K plus 15% of the excess of exempt purpose expenditures over \$500K
<ul style="list-style-type: none">• Over \$1M but not over \$1.5M	<ul style="list-style-type: none">• \$175K plus 10% of the excess of the exempt purpose expenditures over \$1M
<ul style="list-style-type: none">• Over \$1.5M	<ul style="list-style-type: none">• \$225K plus 5% of the excess of the exempt purpose expenditures over \$1.5M.

PENALTIES

An excise tax of 25% is imposed on any lobbying expenditures above the limits in the table. In addition, if an organization's lobbying expenditures over a four-year period exceed 150% of these limits, the organization will lose its tax-exempt status.