

LOBBYING AND POLITICAL CONTRIBUTIONS

A GUIDE TO 501(C) ENTITIES & PACS

UNDERSTANDING THE RULES BEHIND YOUR ADVOCACY STRUCTURE

Nonprofits shaping public policy often operate through a mix of charitable, advocacy, membership, and political entities – each with different rules and opportunities. This guide is an introduction to allowable lobbying and political activity by type of entity.

KEY DEFINITIONS

LOBBYING ACTIVITIES

All activities intended to influence foreign, national, state, or local legislation. Such activities include direct lobbying (attempting to influence the legislators) and grassroots lobbying (attempting to influence legislation by influencing the general public).

POLITICAL ACTIVITIES

Generally refers to activities that support or oppose candidates for public office. This includes direct or indirect actions intended to influence the selection, nomination, election, or appointment of individuals to public office.

ENTITY TYPES, PURPOSE AND FUNCTION

501(c)(3) Organizations

Organized and operated exclusively for charitable, religious, educational, scientific, literary, testing for public safety, fostering amateur sports competition, or preventing cruelty to children or animals.

501(c)(4) Organizations

Must not be organized for profit and must be operated exclusively to promote social welfare. The primary requirement is that the organization primarily engages in activities that benefit the community as a whole.

501(c)(6) Organizations

Comprised primarily of business leagues and trade associations, these organizations exist to promote the common business interests of their members. They serve industries and professions rather than the broader public.

Political Action Committees (PACs)

The core mission of a PAC is to raise and spend money to elect or defeat candidates for political office. PACs serve as vehicles for pooling contributions and supporting electoral outcomes.



ACTIVITIES AND RESTRICTIONS AT A GLANCE

Organization Type	Primary Focus	Lobbying Activities	Political Campaign Activities	Tax Deductible Donations
501(c)(3)	Charitable purposes	Limited; cannot be substantial	Prohibited	Yes
501(c)(4)	Social Welfare	Unlimited (if related to exempt purpose)	Permitted (not primary activity)	Generally no
501(c)(6)	Business interest	Unlimited (if related to exempt purpose)	Permitted (not primary activity)	No (may be business expense)
PAC	Electoral interest	None	Primary function	No

KEY CONSIDERATIONS FOR SELECTION

Choosing the right structure means balancing your mission with legal limits and donor expectations.

- If advocacy and policy change are central to your mission, 501(c)(4) or 501(c)(6) entities allow more lobbying and political activity.
- If charitable work and tax-deductible donations are priorities, a 501(c)(3) is best, but lobbying and political activities are limited.
- If supporting or opposing candidates is your focus, a PAC is required, with strict rules and no tax-deductible donations.

Understanding these distinctions helps organizations align structure with mission, guides donor strategy, and ensures legal compliance.

READY TO ALIGN YOUR MISSION?

Each entity has unique compliance rules and activity limits. Let the CBM Nonprofit Team help you explore how the right structure can unlock greater impact.
Contact us today. We're ready to guide you.

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