POLITICAL CAMPAIGN ACTIVITIES AND LOBBYING GUIDELINES OF 501(C)(3) AND 501(C)(6) ORGANIZATIONS

Political activity by a 501(c)(3) organization, either on behalf of or in opposition to a candidate, is prohibited by the Internal Revenue Code. However, there are some permissible nonpartisan campaign activities in which 501(c)(3) organizations can participate. (See Ideas for Advocacy Through the Election Process.) 501(c)(3) chapters are not permitted to form political action committees (PACs). If you have questions or concerns, please consult with the chapter's legal and/or financial advisors or AAP staff to ensure that such campaign activities are tailored to conform to Internal Revenue Service regulations.

 POLITICAL CAMPAIGN ACTIVITY OF 501(C)(6) ORGANIZATIONS

Unlike charities, which are strictly prohibited from participating in political campaign activities, organizations granted their tax-exempt status under Section 501(c)(6) may participate in political campaign activities. However, the Internal Revenue Code disallows a business expense deduction for that portion of dues attributable to “participation in or intervention in, any political campaign on behalf of or in opposition to any candidate for public office.” Although incorporated trade or professional associations are generally prohibited by the Federal Elections Campaign Act under the sanction of a criminal offense from directly or indirectly making political campaign contributions or expenditures to any federal political candidate, they may establish a PAC by which to solicit campaign contributions from their members. Political action committee funds must be “separate and segregated” from the operating budget of an organization. An organization that establishes a PAC must comply with the strict regulations governing PACs in terms of registration, reporting requirements, and solicitation rules. In addition, many states have laws regulating PAC campaign contributions as well.

Before engaging in these political activities, 501(c)(6) chapters should consult legal counsel familiar with the tax consequences of various legislative and political activities.

POLITICAL ACTION COMMITTEES

Political action committees are set up to collect contributions from individuals in a particular industry or profession with the purpose of distributing the money to candidates who are supportive of the group’s interests. Organizations that are tax-exempt under section 501(c)(3) are prohibited from sponsoring PACs. Individual pediatricians may join together to form a PAC for political purposes, but they may not use any of the resources of, nor may they be associated with, the AAP chapter if they form the PAC on their own.
### 501(c)(3) Chapters

1. 501(c)(3) chapters are barred from political activity including implicit or explicit endorsements of candidates or issues.

2. 501(c)(3) chapters are permitted to engage in voter education activity.

3. 501(c)(3) chapters are barred from forming PACs.

4. 501(c)(3) chapters may lobby to the extent that it is not considered a “substantial” amount of legislative activity.

5. 501(c)(3) chapters may make the 501(h) election. This permits chapters to spend a specified percentage of money on lobbying without threatening their tax-exempt status.

6. 501(c)(3) chapters’ membership dues are tax deductible for members as a charitable contribution.

### 501(c)(6) Chapters

1. 501(c)(6) chapters are permitted to engage in political activity with some restrictions.

2. 501(c)(6) chapters are permitted to participate in voter education initiatives as well as other political activity.

3. 501(c)(6) chapters are permitted to form PACs.

4. 501(c)(6) chapters are permitted to engage in any amount of legislative activity that is germane to the common business or professional interests of the organization’s members.

5. 501(c)(6) chapters do not have to make the 501(h) election to lobby.

6. For 501(c)(6) chapters, the percentage of dues spent on legislative or political activities by the chapters is not deductible for members as a normal business expense. Political action committee dues are also not deductible.

*AAP chapters should consult legal counsel familiar with the tax consequences of various legislative and political activities before engaging in these activities.*