
501(C)(3) DO'S AND DON'TS

Nonprofit 501(c)(3) organizations can conduct election-related activities such as voter registration, education, and Get-Out-The-Vote (GOTV) activities so long as they do so in a nonpartisan manner. Nonpartisan means that the activity or program shall not be influenced by, affiliated with, or supportive of the interests of policies of any political party or candidate.

A. Section 501(c)(3) Organizations

Section 501(c)(3) of the Internal Revenue Code (IRC) provides charitable organizations federal tax exemption. There is no tax on a 501(c)(3)'s operating income, investment tax, or business proxy tax on political expenses, and contributions made to these organizations are tax-deductible. However, they are absolutely prohibited from “intervening in any political campaign on behalf of (or in opposition to) any candidate for public office.”¹

In order to protect your tax-exempt status, special care should be taken when conducting voter registration and GOTV campaigns to remain nonpartisan at all times. Outlined below are some key Do's and Don'ts when planning the activities of your project.

DO

- **Conduct nonpartisan voter registration drives** at community events or through other already-established venues through the programs your organization administers.
- **Educate people about their right to vote and how to exercise it.**
- **Conduct nonpartisan voter education forums** to instruct voters on the structure of local government in your respective areas as well as on the federal government and how those posts impact voters' day-to-day lives.
- **Work with other nonprofits to plan civic engagement activities.**

DO NOT

- **Tell people how to vote.**
- **Tell people which party to register with.**
- **Endorse candidates for office.** The phrase “candidates for office” is defined as persons “who offer themselves (or are proposed by others) as contestants for elective public office.” Persons are also considered candidates even if they have no “organized political campaign and do not have – or seek – a major party nomination...for tax purposes, even if he or she does nothing to promote their candidacy.”²
- **Contribute to candidates or parties.** This includes “in-kind” contributions such as publicity, staff time, and the use of your facilities or assets.

DO NOT

- **Make evaluations of candidates' positions.** For example, do not use scorecards in which the candidates are given ratings on their positions (positive or negative) in relation to issues of relevance to your organization. This could be perceived as attempting to influence the outcome of an election.
- **Coordinate activities with a campaign.**
- **Use language that could be interpreted as support for or opposition to candidates** in any verbal or written communications.
- **Publicize the views, personalities, or activities of candidates.**

Any activities you coordinate or participate in that violate any of these regulations could be perceived as “electioneering,” which is absolutely barred by the Internal Revenue Service (IRS). Penalties could include: (1) tax-exempt status being revoked; (2) a 10% excise tax on each “political expenditure” that the nonprofit makes; (3) a 2% excise tax, payable by the nonprofit manager personally on each “political expenditure” he or she knowingly approved of; or (4) an injunction to close the organization down. The term “political expenditure” is defined by the IRC as “any amount paid or incurred by a Section 501(c)(3) organization in any participation in, or intervention in (including the publication or distribution of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.”³

Additionally, please note that some foundations and government grants limit the use of funds for these types of activities.

If you have questions on these issues, please contact NCLR staff:

Lindsay Daniels, (202) 776-1572, ldaniels@nclr.org

Clarissa Martinez De Castro, (202) 776-1561, cmartinez@nclr.org

Jessica Muñoz, (210) 212-4454, jmunoz@nclr.org

For more information on election activities permissible under 501(c)(3) guidelines please visit the Alliance for Justice on the web at www.afj.org.

¹ *Playing by the Rules: Handbook on Voter Participation and Education Work for 501(c)(3) Organizations*, Washington, DC: Independent Sector, October 1998.

² *Ibid.*

³ *Ibid.*