

Comparison of 501(c)(3)s, 501(c)(4)s, and Political Organizations

	501(c)(3)	501(c)(4)	Political Organizations ("PO"s)
Examples	<ul style="list-style-type: none"> ▪ Alliance for Justice ▪ League of Conservation Voters Education Fund ▪ All churches (but can't elect 501(h) and other special rules apply) 	<ul style="list-style-type: none"> ▪ Alliance for Justice Action Campaign ▪ League of Conservation Voters 	<p><u>Connected PAC/Separate Segregated Fund:</u></p> <ul style="list-style-type: none"> ▪ LCV PAC <p><u>Independent PAC:</u></p> <ul style="list-style-type: none"> ▪ Emily's List
Tax Treatment	<ul style="list-style-type: none"> ▪ Exempt from most federal taxes ▪ Contributions ARE generally tax-deductible ▪ Contributions are NOT subject to federal gift tax 	<ul style="list-style-type: none"> ▪ Exempt from most federal taxes ▪ Contributions are NOT tax-deductible ▪ Contributions MAY be subject to federal gift tax 	<ul style="list-style-type: none"> ▪ Exempt from most federal taxes ▪ Contributions are NOT tax-deductible ▪ Contributions are NOT subject to federal gift tax
Lobbying Activities	<ul style="list-style-type: none"> ▪ Limited expenditures to influence legislation, ballot measures, and judicial nominations, among others (insubstantial part test or 501(h) expenditure test) 	<ul style="list-style-type: none"> ▪ Unlimited expenditures to influence legislation, ballot measures, and judicial nominations, among others 	<ul style="list-style-type: none"> ▪ Limited (insubstantial) lobbying expenditures permissible, but may be subject to tax if not furthering political purposes
Political Activities	<ul style="list-style-type: none"> ▪ Prohibited from engaging in any partisan political activities; may conduct nonpartisan voter engagement activities ▪ May not establish a PO for political activities ▪ Penalties: Revocation of tax-exempt status and excise taxes on both the organization and its managers 	<ul style="list-style-type: none"> ▪ May carry on partisan political activities subject to federal and state campaign finance laws ▪ May not be the "primary purpose" of the organization; must be "secondary" ▪ May establish a PO for political activities ▪ Tax on political expenditures 	<ul style="list-style-type: none"> ▪ No limit on aggregate expenditures; subject to state and federal campaign finance laws including limits on contributions

Drawn from *The Connection: Strategies for Creating and Operating 501(c)(3)s, 501(c)(4)s, and Political Organizations* (Alliance for Justice 2006).

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