



# DFC New Recipient Training

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## Q: What Is Lobbying?

A: Lobbying is taking a specific position on a specific piece of legislation or ballot proposition/initiative



## Lobbying Language

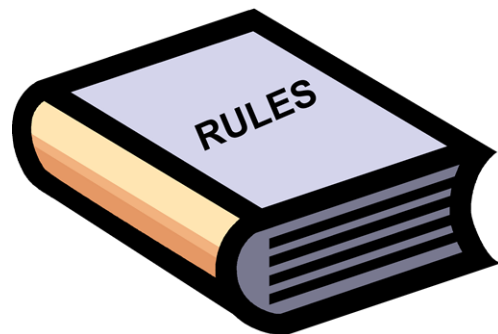
- Support
- Defeat, Oppose, Object
- Pass
- Vote No
- Vote For
- Vote Against



# Can 501(c)3s Can Legally Lobby?

**Yes!**

**BUT** you must play by the rules





# Lobbying Rules for 501(c)3s?



## How Much Lobbying Are 501(c)3s Permitted To Do?

Allowable Lobbying Expenditures	
Tax Exempt Income	Amount that can be spent on lobbying
First \$500,000	20% - \$100,000
2 <sup>nd</sup> \$500,000	15% - \$75,000
3 <sup>rd</sup> \$500,000	10% - \$50,000
All income over the first \$1.5 million	5% - up to a total of \$1 million
Some coalitions come under the 501'(3) status of a larger organization. In that case, calculations of allowable lobbying expenditures are based on the budget and expenditures of the larger organization.	



**BUT if your 501(c)3 chooses  
to lobby, it should file IRS  
Form 5768.**



# Why?

- Filing provides:
  - liberal limits on how much money can be spent on lobbying
  - very clear definitions of what activities don't include lobbying
  - The ability to monetize your actual lobbying expenses to protect you in an audit or if questions are raised about expenditures and funds.





## If Your 501(c)3 Organization Receives A Mixture of Federal *and* Non-federal, Non-restricted Funds, Can You Lobby?

# Yes!

You can use up to 20% of your 501(c)3 **organization's** first \$500K in tax-exempt expenditures to lobby **BUT** you cannot use any of your federal or matching funds to lobby.



# 501 (c) 3s that lobby must use Unrestricted Funds





## What Are Unrestricted Funds?

- Unrestricted funds are non-state, non-federal, non-matching dollars.
- They are privately raised funds that can be used to lobby and take positions on legislation and initiatives/propositions.



# Education versus Lobbying for Bills/Ordinances

1. Gather data and analysis to make your case
2. Identify and engage allies
3. Set up a meeting with your potential legislative champions to brief them on the general issue

**EDUCATION**

4. Research model legislation/ordinance
5. Draft the language of the bill or ordinance
6. Present the draft bill to potential champions
7. Recruit bipartisan support in the city council/state legislator
8. Testify for or against a bill/ordinance at a hearing
9. Prepare for the vote by mobilizing grassroots and grassroots support for the specific bill/ordinance

**LOBBYING/NO  
FEDERAL FUNDS**



# Monetizing Lobbying Efforts

- A salary of 50,000 year translates into \$1,000 a week, \$200 a day, \$24 an hour, .40 a minute.



# Monetizing Lobbying Efforts

1. Figure out your per minute/hour/day rates for key staff
2. Lay out your entire strategy
3. Determine what parts are education vs. lobbying
4. Determine how many hours actual lobbying tasks will take/who will do them and the hourly rate
5. Monetize lobbying expenditures
6. Use/Raise unrestricted funds to do this!!



**If your coalition will be using non-federal non-matching dollars to do any printed materials and/or advertisements that take a specific position on a ballot initiative or legislation, a written disclaimer should be added that says:**

**“Not Paid for with any Federal Funds”**





**501 (c) 3s can lobby but must use only non-restricted funds, monetize them, account for them, complete IRS form 5768.**

