



FAQs about Government Affairs Committees and Lobbying

Can chambers legally become involved in government affairs?

Yes! It's entirely legal for a chamber to be involved in any aspect of government affairs. First amendment rights protect chambers and their members when it comes to communicating with elected officials.

Can a chamber get in trouble with the IRS or lose its tax-exempt status by lobbying?

No. No type of legislative activity will result in IRS problems. While some charitable groups are prohibited from political involvement, chambers of commerce—501(c)6 organizations—are not. The chamber's tax exemption is safe regardless of any legislative activity in which it engages.

What is the difference between lobbying and advocacy?

Advocacy is developing policy and trying to impact the legislative decisions that affect your chamber, its members or your community. Creating a government affairs committee, developing policy positions and communicating these policy positions to your members, your legislators and the general public is advocacy, not lobbying. Lobbying is a specifically defined activity by the IRS. Just having a conversation with an elected official is not automatically lobbying. Lobbying is just one form of advocacy that an organization may engage in to achieve its particular goals and to serve its members.

What exactly is “lobbying”?

The IRS defines two types of lobbying for non-profits: direct lobbying and grassroots lobbying. Direct lobbying is defined as any communication, with a legislator, that expresses a view about specific legislation (i.e., using a bill's name or number). Grassroots lobbying is defined as any communication appealing to the “general public” that expresses a view or position about specific legislation (i.e., using a bill's name or number) and includes a call to action.

What constitutes “grassroots lobbying”?

Communication with your members or the general public about a policy area or topic (e.g., tax reform, teacher pay raises, workers' compensation reform) that does not refer to a specific piece of legislation by name or number is not grassroots lobbying. If the communication does address specific legislation (i.e., uses a bill's name or number), it becomes grassroots lobbying if it also contains a call to action.

A call to action is any of these four criteria set by the IRS:

1. Asking the public to contact their legislator or their staff
2. Providing the address, phone number, website or other contact information for their legislators
3. Providing a mechanism to contact their legislator(s) such as a petition, letter or e-mail link to send a message directly to their legislator; or,
4. Listing the recipient's legislator, the names of legislators voting on a bill, or those undecided or opposed to an organization's view on the legislation.

Are chamber dues still deductible when used for lobbying?

According to the American Bar Association, dues paid to chambers are not deductible to the extent they are used for the organization's lobbying expenses. This statute states that a chamber must report to its members the percentage of their dues payment that is used for lobbying expenses. When dues notices are sent to chamber members, a "reasonable estimate" must be provided to the member, indicating the percentage of dues that will be non-deductible for federal income tax purposes for the coming year. The percentage will be based on the chamber's estimated lobbying expenses against dues income. Even in the most politically active chambers, this percentage typically runs between 3 percent and 10 percent. Non-dues income is not included in the calculation, as the law assumes that lobbying is done with dues income.

Legislative action that is not covered under the law—and as a result is still fully deductible—includes:

- Efforts to influence local policies such as at the municipal or county level
- Contact with all state and most federal executive branch officials on non-legislative matters
- Hosting your government affairs committee, developing policy positions and communicating these policy positions with members and the public
- Monitoring legislation and keeping members informed
- Letters to the editor or similar unpaid communications with the public

There are exceptions to this law however. If a chamber's "in-house" lobbying expense total \$2,000 or less, it is exempted from the non-dues deductibility provision. The organization's dues will be fully deductible by the members, so no notice is required. Also, the chamber can directly pay a "proxy tax" on all its lobbying expenses, so that all dues would remain deductible and no notice would be required. The tax paid would be paid at the highest corporate rate.

If our chamber engages in either direct lobbying or grassroots lobbying, will our chamber president or executive director need to register as a lobbyist?

Probably not. The Oklahoma Ethics Commission does not require individuals to register whose lobbying activities are "only incidental to and not a significant part" of the services provided by the individual to the employer. Most chambers that have government affairs committees and engage in lobbying do not register their president or executive director as a lobbyist because it is a small fraction of the individuals' job.

Can we hold press conferences, take out newspaper ads and print articles in our publications to inform our members and the general public of our position on an issue?

Yes. Chambers are free to communicate with the public by these methods (and many others), regardless of whether their audience is made up of members. However, remember that advocating action on specific legislation to the general public is considered "grassroots lobbying" by the IRS and such activity should be limited. Communicating more broadly about a policy priority, area or topic without a specific bill number or piece of legislation does not constitute grassroots lobbying.

Can our chamber legally endorse candidates for elected office?

Yes. Chambers can endorse candidates, if your bylaws allow for it. It is important to distinguish between legislative advocacy and electoral advocacy. Most chambers have a government affairs committee and engage with legislators on important issues and pieces of legislation. However, engaging in elections and endorsing candidates is less frequent. Deciding to endorse candidates should not be entered into lightly.

Can our chamber host a fundraiser or give money to candidates for public office?

A chamber cannot use its general fund monies for campaign contributions or in-kind contributions. In fact, hosting a fundraiser at your facility without charging a rental fee to the candidate is considered an “in-kind contribution” and is prohibited.