

Summary of Federal Tax Laws Governing Foundation Involvement in Policy Issues

	Private Foundations	“Public Foundations” (a grantmaker that is a 501(c)(3) public charity)	Non-501(c)(3)s (individuals and non-501(c)(3) organizations)
Research and Education <ul style="list-style-type: none"> Supporting the production and dissemination of research on policy issues and innovative models Paid media public education efforts 	Unlimited	Unlimited	Unlimited
Lobbying <ul style="list-style-type: none"> Expressing views on specific legislative proposals (including as yet un-introduced ones) to lawmakers Encouraging others to contact lawmakers in support of or opposition to specific legislative proposals Supporting or opposing ballot measures 	May not earmark grants for lobbying, but may allow most types of 501(c)(3) public charity grantees to use grants for lobbying via: <ul style="list-style-type: none"> General support grants; <u>Project grant safe harbor</u> (see below) (Note: To take advantage of these opportunities, the foundation must remove unnecessary restrictions on lobbying from its grant agreements)	<ul style="list-style-type: none"> May lobby, within <u>501(c)(3) limits</u> (see below) May earmark grants for lobbying, within 501(c)(3) limits May make unlimited grants to other public charities that grantees may use for lobbying under rules applicable to private foundations 	Unlimited
Non-Lobbying Advocacy <ul style="list-style-type: none"> Producing or funding nonpartisan analysis of policy issues Submitting comments in agency rulemaking Testifying at the invitation of legislative committees Advocating government support for programs you seek to fund jointly with the government Discussing broad social issues (rather than specific legislation) with lawmakers Commenting on legislative policy issues in the media 	Unlimited	Unlimited	Unlimited
Nonpartisan Electoral Work <ul style="list-style-type: none"> Voter registration GOTV Candidate forums Voter guides Candidate education 	<ul style="list-style-type: none"> Generally unlimited Funding voter registration efforts permissible only if the effort meets certain requirements 	Unlimited	Unlimited
Partisan Electoral Work	Prohibited	Prohibited	Subject to election law restrictions

Limits on lobbying by 501(c)(3) public charities: Either “no substantial part” of activities or an expenditure-based limit (the “501(h) test”) with an overall limit as high as 20% of budget (less for larger organizations) and a lesser limit on “grassroots lobbying.”

Project grant safe harbor: A private foundation has not “earmarked” a grant to a 501(c)(3) charity for lobbying if the charity can provide a budget with its grant proposal showing that the amount provided by the foundation is less than the total budget of the project for non-lobbying activities. For example, a grant of \$600,000 to a project with a \$1 million budget of which the grantee plans to spend \$300,000 on lobbying would be permissible (and the grantee could choose to use the grant funds for lobbying absent any prohibition from the foundation).