

Types of Exempt Organizations and What They May Do

	501(c)(3)	501(c)(4)	527
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 	<ul style="list-style-type: none"> Connected PAC/Separate Segregated Fund: LCV PAC Independent PAC: EMILY's List
Tax Treatment	<ul style="list-style-type: none"> Exempt from most federal taxes Contributions ARE generally tax-deductible 	<ul style="list-style-type: none"> Exempt from most federal taxes Contributions are NOT tax-deductible 	<ul style="list-style-type: none"> Exempt from most federal taxes Contributions are NOT tax-deductible
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

For more information see: [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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