

Supporting the Social Welfare: Giving to 501(c)(4) Organizations

FACTSHEET

If you care about policy issues and want your contributions to be used to change laws, support or oppose ballot measures, and/or advocate for candidates who champion certain beliefs or issues, then consider donating to a 501(c)(4) organization. Some examples of 501(c)(4) organizations include Human Rights Campaign, Sierra Club, and Planned Parenthood Action Fund. A 501(c)(4) organization may engage in all activities a 501(c)(3) public charity can, but can do more — it can do as much lobbying as it wants and can even support or oppose candidates for public office, to a limited degree. Contributions and membership dues to a 501(c)(4) are not tax-deductible as charitable contributions, however.

What can a 501(c)(4) organization do with the funds I donate?

A 501(c)(4) organization may engage in an unlimited amount of the following activities with the money you donate:

- Educational activities – For example, distributing a report on the importance of quality, affordable childcare, preschool and early education support for all families who need it.
- Issue advocacy – Advocating for an issue like worker's rights or health care reform.
- Voter registration and get-out-the-vote activities – for example, conducting nonpartisan activities and educating voters on the voting process and important deadlines.
- Lobbying – Supporting or opposing specific bills, ordinances, and ballot measures. In fact, a 501(c)(4) can be created for the sole purpose of lobbying.

A 501(c)(4) organization can even do a limited amount of work to support or oppose candidates for public office, including endorsing candidates, comparing candidates in a voter guide, or running ads highlighting the great record of one candidate. While a 501(c)(4) can do as much lobbying and public education work as it wants, supporting or opposing candidates for public office (partisan political activity) cannot be its "primary purpose." Partisan political activity would include, for example, encouraging voters to "Vote Pro-Choice" or using wedge issues to communicate with voters that will turn out for particular candidates or types of candidates.

Therefore, a 501(c)(4) cannot be created for the purpose of electing or defeating a particular candidate or candidates in any race. Additionally, 501(c)(4) organizations must comply with federal and state election law when engaging in certain partisan political activities. For example, federal and state election rules govern whether a 501(c)(4) can

make an independent expenditure or contribution to a candidate or coordinate activities with a candidate.

What impact did *Citizens United* have on 501(c)(4)s?

Citizens United v. FEC, decided by the U.S. Supreme Court on January 21, 2010, fundamentally changed the rules of the game for how 501(c)(4)s and unions – as well as for-profit corporations – can participate in elections. The *Citizens United* decision provides more freedom and flexibility for 501(c)(4)s to communicate their candidate preferences to the general public. 501(c)(4)s can make “independent expenditures”—communications that are not in any way coordinated with candidates or political parties that expressly advocate the election or defeat of a clearly identified candidate.

Independent expenditures could include, for example, candidate endorsements, voter guides that indicate who the “better” candidate is on the issues, and ads urging people to vote for a specific candidate.

Must the organization disclose a donor’s name to the public?

It depends. Disclosure of donors to 501(c)(4)s is an ever-evolving area of law, with a range of legislative and administrative proposals and litigation lurking on the state and federal level. If a 501(c)(4) makes an [independent expenditure](#) to support or oppose a candidate for President, US Senate, or the US House of Representatives, it would be required to disclose a donor’s contribution on reports filed with the Federal Election Commission if the contribution were contributed to fund an independent expenditure or raised for the 501(c)(4)’s partisan work. 501(c)(4)s that make independent expenditures for federal races may want to consult with counsel as the need to disclose donors is dependent on a number of factors, including how the funds were raised.

If the 501(c)(4) is raising money to support or oppose candidates for state elective office or state ballot measures, whether the 501(c)(4) must disclose your donation will depend upon that state’s election law. Some [states](#) require the disclosure of a 501(c)(4)’s donors if the funds are used to support candidate and/or ballot measure activity.

Can a foundation give to a 501(c)(4)?

Yes, a foundation may make a grant to a 501(c)(4), subject to certain limitations. Public foundations, such as community foundations, may make grants to a 501(c)(4) for educational and lobbying activities—any activity in which the public foundation could engage itself. The grant funds cannot be used for supporting or opposing candidates. In addition, unless the grant specifies otherwise, the grant will count against the public foundation’s grassroots lobbying limit. AFJ has a [sample grant agreement](#) to a 501(c)(4) organization in our publication entitled “The Connection: Strategies for Creating and Operating 501(c)(3)s, 501(c)(4)s and Political Organizations.”

Private foundations may make grants to 501(c)(4) organizations (or other non-public charities) as long as the grant is for charitable purposes. Charitable purposes include any permissible 501(c)(3) public charity activity, except lobbying and voter registration. Although a private foundation can fund a 501(c)(3) organization for lobbying and voter registration activity, subject to specific rules, it is prohibited from funding a 501(c)(4) for these activities. The private foundation must follow very specific due diligence, oversight, and reporting requirements (called expenditure responsibility) over a grant to a non-public charity. For more information on these rules, view our [factsheet](#) on expenditure responsibility.

Is my donation subject to the gift tax?

No. Since the passage of the PATH Act contributions to 501(c)(4)s are not subject to gift tax. Prior to that time, the law was unclear as to whether contributions over \$13,000 could be subject to the gift tax.



This work is licensed under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License. The information contained in this fact sheet and any attachments is being provided for informational purposes only and not as part of an attorney-client relationship. The information is not a substitute for expert legal, tax, or other professional advice tailored to your specific circumstances, and may not be relied upon for the purposes of avoiding any penalties that may be imposed under the Internal Revenue Code or state or local law. Alliance for Justice publishes plain-language guides on nonprofit advocacy topics, offers educational workshops on the laws governing the advocacy of nonprofits, and provides technical assistance for nonprofits engaging in advocacy. For additional information, please feel free to contact Alliance for Justice at 866-NPLOBBY.