

Clarifying Nonprofit Civic Engagement Rules

Independent Sector Urges Congress and the Administration:

- Clarify the definition of *political campaign intervention*, so that all nonprofits can more easily comply with the law.
- Protect the longstanding strict prohibition on political campaign intervention by 501(c)(3) public charities.

Background

Nonprofits serve a critical role of ensuring the voices and needs of everyday Americans are included in the civic process. Their perspectives help policymakers create more effective laws that better serve constituents in their communities.

The IRS currently relies on a vague “facts and circumstances” test to determine whether an activity constitutes political campaign intervention, which is strictly forbidden for 501(c)(3) public charities and limited for other types of nonprofits.

Nonprofit Advocacy is Constrained and Retreating

Research has demonstrated for decades that the rules governing nonprofit advocacy are complex and can serve as a barrier to food banks, churches, and museums serving as civic hubs in their communities.¹ Nonprofit sector organizations have responded with intensive educational efforts but have not ultimately been successful.

According to research released in July 2023,² a significantly lower proportion of nonprofits report advocating or contacting policymakers about legislation compared to 20 years ago – from 74% in 2000 to 31% in 2022.

According to the same research, significantly fewer nonprofits know which advocacy activities they are legally allowed to undertake. In 2000, over half of 501(c)(3) public charities (54%) knew they could support or oppose federal legislation, compared to fewer than one-third (32%) in 2022.

Bright Lines are Essential

Charities and other nonprofits are understandably cautious when navigating vague rules with extremely punitive consequences, including potential loss of tax-exempt status.

A clear, objective definition of political campaign intervention would help regulators stop any bad actors currently operating in legal gray areas.

Independent Sector endorses the [Bright Lines Project](#) – a nonpartisan initiative undertaken in 2008 that provides a framework of definitions, exceptions, and clear analytical steps for recognizing political campaign intervention.

While the Bright Lines Project is just one potential framework to clarify these rules, it is imperative that policymakers move beyond the current and confusing “facts and circumstances” test.

¹ Guinane, Kay. “[Executive Summary: Overview of Findings for Strengthening Nonprofit Advocacy Project.](#)” Center for Effective Government. May, 24, 2002.

² Faulk, L. Kim, M., and MacIndoe, H. (2023). [The Retreat of Influence: Exploring the Decline of Nonprofit Advocacy and Public Engagement.](#) Independent Sector.