



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

3/20/2001

Number: **INFO 2001-0095**

Release Date: 6/29/2001

Index Number: 501.03-00

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Dear xxxxxxxxxxxxxxxx:

Thank you for your letter dated February 14, 2001, concerning your constituent, xxxxxxxxxxxxxxxx. xxxxxxxx asked for information regarding the lobbying activities of certain organizations exempt under section 501(c)(3) of the Internal Revenue Code (the Code).

To be recognized as exempt from federal income tax, an organization must be organized and operated exclusively for charitable purposes. An organization is not operated exclusively for charitable purposes if it engages in substantial legislative activities, which include attempting to influence the Senate's confirmation of a presidential nominee. We don't have a simple rule for deciding whether a specific activity is a "substantial" portion of the total activities of an organization. We have to consider the facts and circumstances of each case.

To establish more precise standards for determining whether an exempt organization's legislative activities are substantial, the Congress enacted section 501(h) of the Code. Under this section of the Code, the Congress established a sliding scale of permissible "lobbying nontaxable amounts," which are considered insubstantial. If the organization spends more than the allowable "lobbying nontaxable amount," it is subject to an excise tax and may face revocation of its tax-exempt status.

If xxxxxxxx believes these organizations have overstepped their bounds regarding their lobbying activities, he can provide additional information to:

EO Examination, Programs & Review
T:EO:E:PR
Internal Revenue Service
1100 Commerce Street
Dallas, TX 75242

We maintain an ongoing examination program to ensure tax-exempt organizations meet the legal requirements for tax exemption and comply with the tax laws. When an examination shows an organization is not complying with the tax laws, we take appropriate action.

I appreciate your bringing this matter to our attention. If you have any questions, please call xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx, of this office at xxxxxxxxxxxxxxx.

Sincerely,

By Thomas J. Miller

Steven T. Miller
Director, Exempt Organizations