



March 2006

527 v. 501(c)4

In light of calls to pass the Shays-Meehan campaign finance regulation bill (H.R. 513) as a stand-alone bill (instead of attached to lobbying reform), it might be helpful to understand some differences between citizens groups commonly known as independent 527s and 501(c)4s in current law, since most 527s have declared that they are transforming, or soon will transform, into 501(c)4s. **Note:** nothing in H.R. 513 or in current law for the entities described below would stop the automated phone calls that have been the subject of much criticism.

	<u>527</u>	<u>501(c)4</u>
Donor disclosure	Must disclose donors who contribute more than \$200	No disclosure requirements
Contribution limits	None	None
Contribution sources	Individuals and corporations	Individuals and corporations
Electioneering communications (30/60 days before election)	Allowed (individuals' money only)	Not allowed
Filing agency	IRS, FEC reports for electioneering communications	IRS
Express advocacy—fed candidates (“Vote for Joe Schmo”)	Not allowed	Not allowed
Contributions to candidates	Not allowed	Not allowed
Lobbying (including automated phone calls)	Allowed	Allowed

527

Campaign (political) activities	Allowed (except express advocacy)
Taxable activities	Non-political expenditures; interest income
Examples of conservative entities	Club for Growth Swiftboat Veterans for Truth GOPAC
Examples of liberal entities	America Coming Together America Votes Sierra Club 527 MoveOn.org Voter Fund

501(c)4

Allowed (if not more than 50% of total activity)
Campaign (political) expenditures
National Rifle Association Americans for Tax Reform National Right to Life
NAACP Sierra Club (c4) Natural Resources Defense Council Planned Parenthood (c4)

Equity in the political system can best be improved by reducing regulations on all types of entities (“the freedom approach”). To learn more about the freedom approach, see the 527 Fairness Act (H.R. 1316; “Pence-Wynn”). RSC Staff Contact: paul.teller@mail.house.gov