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## Top 25 Comments on IRS Proposed Political Activity Rules: #11 — The Trade Association Perspective

“Given that any rule adopted for 501(c)(4) entities pertaining to political activity could be applied by the IRS and tax law practitioners by analogy (if not directly) to other tax-exempt organizations, the adoption of the proposed rules would severely restrict the advocacy and civic activities of 501(c)(6) trade associations ... undermining their core purpose.”

— Linda E. Kelly, Senior Vice President and General Counsel, National Association of Manufacturers

Two prominent 501(c)(6) trade associations ([American Society of Association Executives \(ASAE\)](#) and [National Association of Manufacturers \(NAM\)](#)) point to the substantial issue advocacy work conducted by 501(c)(6) entities, and urge the IRS to neither adopt the proposed rules for 501(c)(4) social welfare entities nor extend them to other 501(c) organizations.

Of note:

ASAE’s comments align with many others by deploring the vague and confusing “facts and circumstances” test that currently applies to 501(c)(4)s. ASAE proposes that the IRS consider instead relying on FEC determinations of “excessive” political activity, thereby removing the IRS from perceptions of political bias. Like other federally focused groups, however, they neglect to consider whether it is appropriate for FEC authority to be extended to cases of state or local political activity that arise under tax law. Further, without explanation, ASAE asserts that there is “no ambiguity” in the political tax rules for (c)(5) and (c)(6) organizations.

NAM’s comments eloquently emphasize the danger to the crucial policy role that trade associations play, particularly in their engagement with public officials. As an example, NAM points to President Kennedy’s speech to NAM members in 1961 kicking off the effort to pass the Trade Expansion Act of 1962. Fearing that the proposed definition of candidate-related political activity might be applied to trade associations and business leagues, NAM describes its political and advocacy activities in great detail and makes many of the same arguments against the overbreadth of the IRS draft regulation that public interest organizations have made.

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