

League of Women Voters of Oklahoma

Proposal to Convert to a Single-Entity 501(c) 3 Organization

Historically most Leagues have qualified as tax exempt organizations under §501(c)(4) which provides rules for civic leagues. Most state Leagues and larger local Leagues have formed a sister Education Fund entity qualified under §501(c)(3). The League of Women Voters established a 501(c)3 Education Fund in 1987, and continued with its original 501(c)4 organization for memberships and operation funds.

At board meetings beginning in the fall of 2016, LWVOK board members discussed transitioning to a single 501(c)3 organization. The board voted to adopt this change at its March 25, 2017 meeting.

Some relevant differences between §501(c)(4) and §501(c)(3)

- There is no limit on the lobbying activities of a §501(c)(4) whereas a §501(c)(3) lobbying activities cannot constitute a substantial part of its overall activities.
- Contributions and member dues are generally deductible for donors and members of a §501(c)(3) but are not for a §501(c)(4)

The ability to conduct both advocacy and lobbying activities is very important to League members. There is no limitation at all on pure advocacy (does not involve specific legislation or ballot measures) under either a §501(c)(3) or §501(c)(4). If a §501(c)(3) makes an §501(h) election, the measurement of lobbying for the substantial test is based on dollars rather than time spent. The threshold for the substantial test would not be met unless expenditures exceed 20% of the League's annual budget. It is the opinion of board members who have looked at the budgets and activities of the 501(c)4 operating fund and the 501(c)3 education fund are confident that the League's advocacy and lobbying would not exceed the 20% limitation.

The advantages of converting our dual-entity structure to a §501(c)(3)

- Membership dues and donations are tax deductible
- Greater opportunity to obtain grants from agencies and foundations
- Going from two to one entity will reduce administration burden
- More efficient board structure – one board instead of two

The board has had access to an excellent resource in a guide prepared by Thomas Carson, an attorney, who participated in the conversion of the State and several local Leagues in California. For members who are interested in learning more about conversion, the entire document prepared by Mr. Carson, "How to Convert to a 501(c)3" is available online at http://lwvok.org/files/How_To_Convert_to_501_c_3_June_2016_1_.pdf.

Since the League of Women Voters of Oklahoma is a membership organization this transition to a 501(c) 3 organization must be give final approval by delegates at the League of Women Voters of Oklahoma convention. A discussion and vote on the proposed conversion will be the first item on the agenda during the morning session of the 2017 LWVOK convention.

The proposed bylaws for the single-entity 501(c)3 League of Women Voters of Oklahoma are shown. The bylaws have been adapted from the 501(c)4 League of Women Voters of Oklahoma's bylaws. Going forward, the LWVOK would be known as the League of Women Voters of Oklahoma, a 501(c)3 entity.