

# **CHAPTER POLICIES HANDBOOK**

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**Congress for the New Urbanism**

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# CONTENTS

- 1 INTRODUCTION**
- 2 CHAPTER ACTIVITIES AND ROLES**
  - 2.1 Mission
  - 2.2 Geographic Scope
  - 2.3 Roles
  - 2.4 Positions on Policies and Real Estate Developments
  - 2.5 Awards Programs
  - 2.6 Lobbying
  - 2.7 Non-Competition
- 3 CNU NATIONAL AND THE CHAPTER**
  - 3.1 Chapter Coordinator
  - 3.2 Communication with CNU National
  - 3.3 CNU Board
  - 3.4 Chapter Events and CNU
  - 3.5 Continuing Education Credits
  - 3.6 Inter-Chapter Relations and CNU
  - 3.7 Resource Templates
- 4 MEMBERSHIP**
  - 4.1 Chapter Dues
  - 4.2 Payment and Processing
  - 4.3 Membership Reports
  - 4.4 Non-Member Participation
- 5 COMMUNICATIONS**
  - 5.1 Unified Messaging
  - 5.2 Brand Identity
  - 5.3 Media Relations
  - 5.4 Website and Email
  - 5.5 Mailing List Policy
  - 5.6 Publications
- 6 ADMINISTRATION AND FINANCIAL MANAGEMENT**
  - 6.1 Insurance
  - 6.2 Chapter Reports
  - 6.3 Legal Considerations
  - 6.4 Revenue Sources
  - 6.5 Grants
  - 6.6 Bank Accounts
  - 6.7 Budget
  - 6.8 Annual Financial Review
- 7 CHAPTER GOVERNANCE**
  - 7.1 Chapter Board of Directors
  - 7.2 Chapter Board of Directors Meetings
  - 7.3 Chapter Committees

**APPENDIX A: MEMO ON LOBBYING, JUNE 8, 2009.**

**APPENDIX B: CHAPTER REPRESENTATIVE**

# 1 INTRODUCTION

The *Chapter Policies Handbook* outlines requirements for the chapters of the Congress for the New Urbanism (CNU). These policies pertain to the operations and activities of Full Chapters that have signed a Chapter Charter Agreement with CNU. The policies are designed to uphold the standards of CNU, while allowing for a high degree of flexibility and creativity among different chapters.

CNU also publishes a companion *Chapter Resource Toolkit* that highlights a range of best practices for chapters to use to build successful chapters. In addition, CNU publishes *Steps to Organize a CNU Chapter* to be used by CNU members and organizing committees seeking to create a chapter in their state or region.

All questions regarding the *Chapter Policies Handbook* should be addressed to CNU's Chapter Coordinator at CNU's office in Chicago. The Chapter Coordinator maintains samples of the documents required by the *Chapter Policies Handbook* (for example, a sample set of by-laws, articles of incorporation, 501(c)(3) application, budget, and annual reporting form).

# 2 CHAPTER ACTIVITIES AND ROLES

## 2.1 Mission

CNU is a 501(c)(3) nonprofit organization. Within a generation, CNU seeks to minimize automobile-dependence and to replace climate-changing sprawl with a sustainable urbanism integrating diverse, walkable, transit-served places across a regional transect with high performance buildings and infrastructure. It educates professionals on how to implement the Charter of the New Urbanism, provides a forum to harness the expertise of New Urbanists to carry out reforms, and promotes leadership within the design professions.

CNU chapters work to further this mission through education, networking, and outreach at the local, regional, and state levels.

CNU is not a grassroots organization. CNU's members are primarily professionals in the architecture, planning, and building trades. Many regions already have effective smart-growth, housing, or environmental organizations that reach a broad base of the citizenry. The role of CNU's chapter is to work alongside those groups, not to supplant or compete with them.

## 2.2 Geographic Scope

Chapters may be organized at the regional, state, or multi-state level, depending on where there are a sufficient number of CNU members to meet the minimum organizational requirements. A chapter may not be formed at a level smaller than a metropolitan region. Chapter territories must be expressed by counties or states and are defined in the Chapter Charter Agreement with CNU. We strongly encourage organizers to **think big**. Even if members are geographically dispersed, it is much easier to start and sustain funding and activities for a large group than for a small one. If necessary, a larger group can create local sub-groups or even split in the future. For example, members of a statewide chapter may want to organize sub-group meetings in different regions of the state. Geographic boundaries should not overlap those of another chapter.

## 2.3 Roles

A chapter should choose activities suited to the needs and desires of its members and its service area.

The specific roles for chapters are:

- Education
- Networking
- Outreach

Each chapter activity, including those listed above, must be implemented in compliance with the policies and requirements contained in the CNU Chapter Policies Handbook, Chapter By-laws, the Charter of the New Urbanism, the CNU Chapter Charter Agreement, and with any new policies governing chapter roles that CNU may disseminate from time to time.

## 2.4 Positions on Policies and Real Estate Developments

To ensure a consistent message from CNU and its chapters, chapters may not take a position on a policy issue or real estate development unless that position is consistent with the Charter of the New Urbanism and positions of CNU. If a chapter wishes to represent a policy as being a CNU policy, then it must obtain express authorization from the CNU Chapter Coordinator. A chapter should consult an attorney and review its liability insurance policy before engaging in advocacy activities related to the endorsement of or opposition to specific real estate developments. Such positions could risk a slander lawsuit.

## 2.5 Awards Programs

A chapter may establish its own awards program to recognize outstanding work within its region.

## 2.6 Lobbying

Chapters are prohibited from engaging in most political or legislative activities. This includes activities prohibited for all 501(c)(3) organizations. In addition, chapters may not advocate legislation unless it is consistent with CNU's policy positions. For more information, see Appendix A.

## 2.7 Non-Competition

Although chapters may sponsor educational and technical workshops, they may not directly compete with private consultants for business (for example, respond to a local request for proposals for design or planning purposes). CNU and chapter activities should enrich opportunities for new urbanist members rather than compete with them.

# 3 CNU NATIONAL AND THE CHAPTER

*CNU is committed to providing the support needed to help build and sustain strong, successful chapters. In addition to its support described in other sections of this policy handbook, CNU provides chapters with the following services and relationships.*

## 3.1 Chapter Coordinator

Establishing the Chapter Coordinator position reflects CNU's Board of Directors' commitment to creating a strong and enduring chapter structure that will enhance and further CNU's mission and the practice of the New Urbanism. The Chapter Coordinator's primary role is to assist chapters and facilitate communication among and between chapters and CNU's staff and Board of Directors. To ensure that chapter needs are met, all chapter communications are to go through the Chapter Coordinator. In addition to assisting chapters through the organizing steps and monitoring and supporting the work of chapters, the Chapter Coordinator serves as an information clearinghouse and provides opportunities for chapters to network across geographic boundaries by putting them in touch with other chapters working on similar issues.

## 3.2 Communication with CNU National

As independent organizations, chapters will have day-to-day activities that do not need to be reported in detail to CNU. However, chapters are expected to maintain regular contact with the CNU Chapter Coordinator, their primary point of contact within CNU. The chapter Chair, Vice-Chair, and Secretary-Treasurer are to be CNU's points of contact with the chapter. Chapters may also designate an alternative point of contact.

## 3.3 Chapter Steering Committee

The Chapter Steering Committee was established to represent the interest of the chapters to CNU and improve communication between the chapters and with CNU staff. Through email, bi-monthly conference calls and an annual meeting at the Congress, the Chapter Steering Committee shares information about best practices and upcoming projects. The committee is composed of Presidents and Chairs of each full chapter. The chapter steering committee is chaired by the Chapter Representative on the CNU Board.

## 3.4 CNU Board and Chapter Representative

Chapters have one position on CNU's Board of Directors. The person filling that position represents all chapters and is selected by the chapter steering committee. He or she works closely with the Chapter Coordinator. The Chapter Board Representative is selected by a multi-stage process, see Appendix B for policies and procedures.

## 3.5 Chapter Events and CNU

Chapters are encouraged to hold annual conferences, but may not do so within two months before or after CNU's annual Congress. This policy is to promote stronger attendance for both events and avoid competition. A time is also provided at the annual Congress for

chapter receptions or meetings. CNU posts future Congress dates online at [www.cnu.org/congresses](http://www.cnu.org/congresses).

### 3.6 Continuing Education Credits

CNU can facilitate American Institute of Architects (AIA) continuing education credits for chapter events. Chapters must request AIA credits from the Chapter Coordinator at least one month before the event and must return all forms at least three weeks before the event.

### 3.7 Inter-Chapter Relations and CNU

CNU provides chapter leaders an opportunity to meet and share ideas at the annual Congress. The Chapter Coordinator works with the chairs to plan an agenda that addresses timely issues and allows for the exchange of information among the chairs.

### 3.8 Resource Templates

CNU provides, on request, a standard set of templates to assist chapters in organizing and operating a chapter. Examples of those templates include articles of incorporation, by-laws, donation forms, and a 501(c)3 application.

# 4 MEMBERSHIP

*Members are key to the success of CNU. They also bring the financial and stakeholder support needed to build and sustain effective chapters. Consequently, a core activity of chapters is to recruit and retain members. As indicated below, CNU policies regarding chapter membership are designed to simplify and streamline the membership process, thereby allowing a chapter to focus on membership outreach and benefits that will best serve its geographic area.*

## 4.1 Chapter Dues

CNU chapters have the benefit of a joint membership with CNU, which means that a person joining or renewing his or her membership in CNU is automatically a member of the respective local chapter where one exists. Under that arrangement, Full Chapters receive a set dues amount per CNU membership payment in their geographic service area, as described in their CNU Chapter Charter Agreement. Chapters may not offer membership to non-CNU members; however, chapters may collect donations from anyone. This policy took effect Jan. 1, 2009.

Effective September 12, 2011, CNU is recalibrating the amount of dues each chapter receives for each CNU membership to correlate with the membership level and payment amount. See chart below.

<b>Membership Level</b>	<b>Membership Payment Amount</b>	<b>Chapter Payout Amount</b>
Student	\$50	\$5
Advocate	\$40	\$40
Urbanist	\$195	\$20
Discounted Urbanist	\$125	\$15
Rejoining Urbanist	\$155	\$15
City Builder	\$260	\$260
Leader	\$1,000	\$110 (\$30 for 1 City Builder + \$80 (\$20 for each of the four Urbanists))
Champion	\$2,500	\$190 (\$30 for 1 City Builder + \$160 (\$20 for each of the eight Urbanists))
Benefactor	\$5,000	\$270 (\$30 for 1 City Builder + \$240 (\$20 for each of the 12 Urbanists))

CNU members receive a range of benefits, which are described at [www.cnu.org/membershipbenefits](http://www.cnu.org/membershipbenefits). A chapter may decide to offer member benefits beyond those provided by CNU. Such benefits (which are described in the *Chapter Resource Toolkit*) are generally aimed at enhancing members' ability to network with peers and learn about best practices in their area.

## 4.2 Payment and Processing

To ensure the integrity of the membership database, CNU manages all chapter dues and membership lists. CNU is responsible for handling all matters related to the management of chapter dues, including maintaining chapter membership records, processing chapter membership payments, and sending out membership renewal notices.

Chapter dues must be payable to the Congress for the New Urbanism. The chapter dues are paid out to the chapter quarterly or as mutually agreed by the chapter and CNU. CNU management of chapter dues begins at the Full Chapter stage. (A chapter organizing committee may not charge individual member dues.) CNU management of chapter membership dues does not imply that CNU is the fiscal agent for chapters. Chapters are responsible for managing their financial affairs.

(Chapters should obtain membership forms from the Chapter Coordinator and should direct those interested in joining CNU and/or a chapter to [www.cnu.org/join](http://www.cnu.org/join).)

## 4.3 Membership Reports

To ensure that chapters have current membership data, CNU provides access to its membership database so chapters can generate monthly membership status reports. CNU can provide information on chapter dues received that month and year-to-date and the names and contact information of all current chapter members.

## 4.4 Non-Member Participation

Chapters will need to set their own policies related to non-member participation in chapter events. To provide an incentive for membership, chapters should consider sponsoring special events for members only and/or charging a higher fee for non-members to attend events open to the public.

# 5 COMMUNICATIONS

## 5.1 Unified Messaging

When describing the New Urbanism or the work of CNU, a chapter's communication program must be consistent with the Charter of the New Urbanism. CNU can also provide chapters with a press kit to aid in communication efforts.

## 5.2 Brand Identity

A clear brand identity will help CNU and each chapter maintain a professional, easily recognized public face. Per the CNU Chapter Charter Agreement, Full Chapters may use CNU's intellectual property such as the chapter logo; Organizing Committees may use CNU's intellectual property only with the case-by-case approval of the Chapter Coordinator.

## 5.3 Media Relations

Chapters may use their own media relations contact to communicate with the media; however, chapters must be clear that they only represent themselves and not the national organization. Contact the CNU Chapter Coordinator for a sample CNU press kit. The CNU *Chapter Resource Toolkit* also has helpful tips for developing successful media relationships.

## 5.4 Website and Email

CNU provides pages for chapters on [www.cnu.org](http://www.cnu.org) as well as one "@cnu.org" chapter e-mail address for each chapter. Contact the Chapter Coordinator to set up or change your CNU.org page or email address. CNU also maintains a chapter directory/map at [www.cnu.org/chapters](http://www.cnu.org/chapters).

## 5.5 Mailing List Policy

Chapters may make their general mailing lists available to outside organizations that share CNU's mission but may not share email addresses. Lists may only be shared for a one-time noncommercial use, and chapters may only share names or contact information of people who are on their current mailing lists. A chapter may not share the names of those members who have asked that their names not be provided to outside sources. The intent of these policies is to ensure that the mailing lists are based on current information and are controlled based on the best interests of members.

## 5.6 Publications

Chapters should send a copy of newsletters, publications, or topical reports to the CNU Chapter Coordinator. Chapters should make it absolutely clearer that all communication from the chapter comes from the chapter and that opinions belong to its authors, not CNU. CNU must pre-approve communication content that references CNU or its programs and initiatives, unless the language is specifically provided by CNU.

# 6 ADMINISTRATION AND FINANCIAL MANAGEMENT

*A chapter is responsible for managing its administrative and financial affairs, which must be conducted in accordance with generally accepted accounting principles. Chapter officers are responsible for how the chapter's funds are handled and the fiscal management of chapter revenues and expenses. They must ensure that all state and federal tax filings are completed on time and that complete financial records are maintained as required by state and federal laws.*

## 6.1 Insurance

As separate 501(c)(3) corporations, chapters are required to maintain liability insurance in the amount of \$1,000,000 per occurrence with a \$2,000,000 aggregate. CNU strongly recommends that chapters obtain Directors and Officers (D & O) insurance. CNU must be named as an additional insured on both policies, and the appropriate certificates of insurance must be forwarded to the CNU Chapter Coordinator. Liability and Directors and Officers insurance may be obtained from a local insurance agency.

## 6.2 Chapter Reports

Chapters are required to submit an Annual Report to CNU by February 1 of each year. Annual reporting is designed to help chapter leaders and CNU ensure that chapters comply with the established minimum requirements. The report serves as the archival record of the chapter and as a tool to help chapters set goals and keep CNU informed about activities and accomplishments. The report is also used by CNU to identify areas for enhancement of CNU chapter services and to set national goals. The CNU Chapter Coordinator will send out an Annual Report form at the beginning of each year. Chapters are also encouraged to send the CNU Chapter Coordinator timely update reports with information on key issues and chapter events that might be of interest to CNU members and other chapters.

## 6.3 Legal Considerations

A chapter must also comply with the CNU requirements for chapters, as described in the chapter's by-laws, the CNU Chapter Charter Agreement, and the *Chapter Policies Handbook*. In addition, when using CNU intellectual property, a chapter must not only comply with the requirements set out in those documents but must also follow the requirements of any other licenses that CNU may provide the chapter from time to time for use of its intellectual property. In addition, chapters must stay current on and comply with all local, state, and federal laws, regulations, and reporting requirements for nonprofit corporations, and should obtain financial and legal counsel if needed.

As a part of that compliance, chapters should carefully review IRS requirements for 501(c)(3) nonprofit organizations, including those listed below:

- The organization is not organized to make a profit.

- The organization is organized and operated exclusively for its designated purpose, which must be one or more of the purposes specified in Section 501(c)(3).
- No part of the net earnings of the organization of any kind can inure to the benefit of any private shareholder or individual.
- The organization cannot participate in or intervene in any political activity on behalf of or in opposition to any candidates for public office. For example, a 501(c)(3) organization may not solicit money for or make donations to a candidate for public office, distribute information for or against a candidate for public office, or work in some volunteer capacity for or against a candidate for public office.
- No substantial (as defined by IRS) part of the activities of the organization may be for the purpose of influencing legislation, including direct and grassroots lobbying. The restrictions on lobbying in general do not apply to activities that are educational in nature and relate to monitoring and reporting on legislation.

The IRS also restricts a 501(c)(3) organization in the amount of income that it may receive from engaging in commercial activities. Other restrictions relate to the amount of incidental income not related to the chapter's tax-exempt purpose, which is taxable as unrelated business income. If a chapter is considering conducting any type of business or commercial activity as a revenue source, or if it plans to engage in any type of lobbying-related activities, it should consult a certified public accountant or lawyer with an expertise in nonprofit organizations. The chapter should also obtain an understanding of the requirements for filing local, state, and federal tax forms. In general, if a chapter's gross annual income exceeds certain levels, it will be required to file a Form 990 with the IRS. A Form 990-T is used to report any unrelated business income, which is taxed at corporate rates. All 501(c)(3)s, regardless of income, are currently required to file some form of 990.

## 6.4 Revenue Sources

Allowed revenue sources for chapters are events, sales of publications, memberships, donations, sponsorships, and grants. The CNU Chapter Coordinator must approve the use of other revenue sources.

## 6.5 Grants

Proposals for grants should be coordinated with the CNU Chapter Coordinator. This will avoid duplication of funding requests and allow CNU-chapter collaboration on grant applications in order to create stronger proposals.

## 6.6 Bank Accounts

The chapter should establish a bank account in the chapter's name. To establish a bank account, it is necessary to apply for a federal EIN number with the Internal Revenue Service. An EIN number is also required to purchase goods and services from some vendors. Chapter policies should identify the chapter officers who are authorized to sign checks (typically the chapter Chair, Vice-Chair, and Secretary-Treasurer), the number of signatures required on a check (many organizations require two signatures), and the dollar amount of checks that will require Executive Committee or Board approval. All checks, payments, or money orders—other than chapter membership—must be payable to the chapter and not to CNU. Membership checks are payable to CNU.

## 6.7 Budget

The chapter budget should follow a calendar fiscal year to coincide with the fiscal year of CNU. The chapter Secretary-Treasurer is responsible for tracking and reporting on all revenues and expenditures of the chapter. At a minimum, the chapter Secretary-Treasurer should prepare quarterly and annual financial reports that compare planned and actual revenues and expenses. Monthly reports are recommended. The quarterly and annual reports should be sent to the chapter Executive Committee and the CNU Chapter Coordinator and should be made available to the chapter's members.

## 6.8 Annual Financial Review

Chapters are required to have an annual financial review. A chapter's Board of Directors should decide on the type of financial review based on the size of the chapter's annual budget. Unless a funding source requires policies that are more restrictive or the Board wants to be more restrictive, a chapter may use the following guidelines to determine the appropriate level of financial review.

### Board Review

Chapters with annual budgets of less than \$20,000 should appoint an internal committee of Board members to conduct the annual financial review.

### Financial Review

Chapters with annual budgets between \$20,000 and \$250,000 should obtain an annual financial review by a certified public accountant.

### Audit

Chapters with annual budgets in excess of \$250,000 should obtain an annual audit by a certified public accountant. In addition, chapters are required to have a documented internal control system that provides the procedures and methods for safeguarding chapter assets, authorizing transactions, and insuring the completeness and accuracy of financial records.

# 7 CHAPTER GOVERNANCE

## 7.1 Chapter Board of Directors

### Purpose

A chapter's Board of Directors is responsible for overseeing the assets of the chapter and allocating its resources; establishing chapter goals; recruiting new members and leaders; hiring and supporting staff; assuring compliance with local, state, and federal regulations; providing an effective governance structure; and organizing programs and activities.

### Membership

A chapter may determine the number of members and composition of the Board of Directors, provided that the minimum number of directors complies with requirements of the state in which the chapter is incorporated. Directors must be members of CNU.

### Voting

The method of board voting should meet the requirements of applicable state laws and should be consistent with the chapter by-laws.

### Compensation

Directors may not receive compensation for their services, although a chapter may decide to reimburse directors for expenses incurred in attending a meeting of the Board of Directors.

### Officers

Chapter officers must include, at a minimum, a Chair, Vice-Chair, and Secretary-Treasurer. Officers are elected by the Board of Directors at its annual meeting. Officers, like Board members, should be members of CNU. The *Chapter Resource Toolkit* provides sample descriptions of officers' duties. If provided for in the chapter by-laws, a Board of Directors may choose to create an Executive Committee composed of those officers and others the Board may designate. Chapters may provide for additional officers as needed.

### Policies and Procedures

Chapter boards may establish their own policies and procedures, provided that they are consistent with chapter by-laws and the policies of CNU.

## 7.2 Chapter Board of Directors Meetings

The Board of Directors of each CNU chapter is required to have an annual meeting during the first quarter of each calendar year. The annual meeting may be a part of or separate from regular chapter meetings. The following actions should be taken at the annual meeting: election of chapter officers and new directors to fill vacancies on the Board of Directors, review of the prior fiscal year activity and financial reports, and approval of the annual work plan and budget for the new fiscal year. The Board of Directors of a chapter

may schedule other regular and special meetings as required to carry out the business of the chapter. All meetings of the Board must comply with state law.

### 7.3 Chapter Committees

The chapter's Board of Directors may create such standing or special purpose committees as may appear necessary for the effective management of the corporation and for accomplishing the goals and objectives of the chapter. The types of committees and their membership will vary with the size and focus of a chapter. As described in the *Chapter Resource Toolkit*, examples of standing committees could include nominations, program, finance, and communications.

# APPENDIX A: MEMO ON LOBBYING, JUNE 8, 2009.

Memorandum

To: Board of Directors, CNU National and all CNU Chapters

From: Congress for the New Urbanism

Date: June 8, 2009

Re: Tax-exempt Organizations and Party Politics, Legislation and Lobbying Activities Under Federal Law

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Following is a summary of some of the important points to note about government law regulating a non-profit 501(c)(3)'s participation in politics, legislation and lobbying. This is by no means meant to be an exhaustive list of all rules and regulations. Please consult IRS publications 4221-PC and/or 557 for more information. Informative mini-presentations and trainings for 501(c)(3) non-profits can also be found at [www.stayexempt.org](http://www.stayexempt.org).

## I. PARTISAN POLITICS: GOLDEN RULE

The following rule applies to any non-profit organization intending to obtain and keep federal tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code:

*Any participation or intervention in a political campaign of any kind with respect to an individual who is a candidate for public office IS ALWAYS PROHIBITED.*

Violation of this Golden Rule can result in the permanent revocation of a 501(c)(3) organization's tax-exempt status under federal law.

### Permitted Activities

- Voter education, including non-partisan public forum presentations and voter education guides
- Non-partisan voter registration and get-out-the-vote drives

### Violations

- Contributions made to political campaign funds or public statements of position made on behalf of the organization in favor of or in opposition to any candidate for public office
- Biased voter education or registration activities

## II. GENERAL DEFINITION OF LOBBYING

There are two different types of lobbying that tax laws recognize.

*Direct Lobbying:* Communication with a legislator, legislative staff or other government official that refers to and takes a position on specific legislation or a specific legislative proposal. Direct lobbying also includes urging your members to communicate specific

positions on specific legislation to legislators or other government employees.

*Grassroots Lobbying:* Communication with the general public that refers to and takes a position on specific legislation or a specific legislative proposal and includes a “call to action” encouraging recipients to do something about the legislation.

A direct “Call to Action” asks a recipient to contact a legislator or governmental employee (providing the necessary contact information) who works on specific legislation for the purpose of influencing such legislation and provides a tear-off card to send in to the legislator or legislative employee. This differs from an indirect “Call to Action” in that the latter does not provide direct contact information or simple means of communication with the individual, instead it just informs the recipient of the legislative official/employees stance and/or involvement in a specific piece of legislation.

Generally, informational campaigns designated to educate the public about a public policy issue do not constitute lobbying, unless it involves paid mass media advertisements on “highly publicized” legislation that appear within two weeks of a legislative vote.

### **III. MEASURING LOBBYING ACTIVITIES**

In 1976 Congress wrote into the income tax laws authorization for nonprofit tax-exempt organizations to elect to spend a certain percentage of its income on lobbying. A set of regulations related to the 1976 Lobby Law were issued in August of 1990, which, together with the law provide a wide latitude for nonprofits to lobby.

In order to be covered by the latitudes of this law, nonprofits must elect to by completing IRS Form 5768 and sending it to the IRS, otherwise known as the 501(h) Election. This form must be completed in the first tax year to which it wants the election to apply and can be revoked and reinstated at any time. Lobbying expenditures under Section 501(h) include all costs associated with the preparation, distribution, publishing and mailing of information regarding lobbying and specific legislation, as well as associated staff compensation and benefits.

Those not electing to be covered by the 1976 law are subject to the ambiguous “insubstantial” test, which leaves uncertain which activities of charities related to legislation constitute lobbying and how much lobbying is permitted.

The two standards by which 501(c)(3) organizations may measure their lobbying activities are:

*The Substantial Part Test:* Using this test, substantiality is determined on the basis of all the pertinent facts and circumstances in each case. When determining substantiality, the IRS will consider factors such as time and expenditures devoted by the organization to the lobbying activity. Under this test, the exact amount of lobbying that would be considered substantial is unclear.

*The Expenditure Test:* Unlike the Substantial Part Test, the Expenditure Test sets a specific dollar limit for measuring a 501(c)(3) organization’s allowable lobbying expenditures and is calculated as a percentage of the amount an organization expends on total “exempt purpose expenditures.” Exempt Purpose Expenditures include most administrative expenses and

grants but exclude expenses for unrelated business and amounts paid as unrelated business income taxes (UBIT). As previously stated, an organization must elect to subject itself to the limits of this test by filing IRS Form 5768 (Election/Revocation of Election by an Eligible 501(c)(3) Organization to Make Expenditures to Influence Legislation).

Under the 1976 rules governing the Expenditure Test, organizations may elect to spend:

- 20% of the first \$500,000 of their exempt purpose expenditures on lobbying (\$100,000), plus
- 15% of the next \$500,000 of exempt purpose expenditures, plus
- 10% of the next \$500,000 of exempt purpose expenditures, plus
- 5% of the remaining exempt purpose expenditures up to a total cap of \$1,000,000 per year

By electing to be governed by the 1976 rules, organizations are able to benefit from clear, reasonable, liberal definitions. The same cannot be said if an organization decides to stay under the substantiality test.

There are separate standards for “direct” lobbying and “grassroots” lobbying. Costs and expenses associated with grassroots lobbying can occupy no more than 25% of an organization’s total lobbying allocation.

If a 501(c)(3) organization opting for Section 501(h) exceeds the total or grassroots lobbying expenditure limits in a given year, it will be subject to a 25% excise tax on the excess amount. The 501(c)(3) organization’s tax-exempt status will not be jeopardized unless these limits are exceeded by more than 50% using an average of the most recent 4 tax years. Therefore, it is important to maintain diligent recordkeeping with respect to lobbying activities, including employee time allocations.

#### **IV. LOBBYING EXCLUSIONS**

Under the 1976 law the following expenditures are not treated as lobbying and so are permitted without limit. Note: these exclusions only apply to organizations that elect for the Expenditure Test in 501(h).

*Executive Branch Contacts:* Contact with executive branch employees or legislators in support of or opposition to regulations or proposed regulations are not considered lobbying. i.e. Nonprofits can contact both members of the Executive Branch, as well as legislators to urge support for a position on a regulation and the action is not considered lobbying.

*Technical Advice to a Legislative Body:* A nonprofit’s response to written requests from a legislative body (not just a single legislator) for technical advice on pending legislation is not considered lobbying. i.e. If requested in writing, a group could provide testimony on legislation, take a position in the testimony on that legislation, and it would not be considered lobbying.

*Volunteer Lobbying:* Lobbying by volunteers is considered a lobbying expenditure only to the extent that the 501(c)(3) incurs expenses associated with the volunteers’ lobbying. i.e. Volunteers working for a nonprofit could organize a huge rally of volunteers at the state

capitol to lobby on an issue and the only expenses related to the rally paid by the nonprofit would count as a lobbying expenditure.

*Self-Defense Activity:* Lobbying legislators (but not the general public) on matters that may affect the organization's own existence, powers, tax-exempt status, and similar matters would not be lobbying. i.e. Lobbying in opposition to proposals in Congress to curtail nonprofit lobbying, or lobbying in support of a charitable tax deduction for nonitemizers, would not be a lobbying expense. It would become lobbying only if you asked for support from the general public.

*Member Communications:* A nonprofit's communications to its members on legislation, even if it takes a position on the legislation, is not lobbying so long as the nonprofit doesn't directly encourage its members or others to lobby. i.e. A group could send out a public affairs bulletin to its members, take a position on legislation in the bulletin, and it would not count as lobbying if the nonprofit didn't ask its members to take action on the measure.

*Nonpartisan Analysis, Study or Research:* Making available the results of "nonpartisan analysis, study or research" on a legislative issue that presents a sufficiently full and fair exposition of the pertinent facts to enable the audience to form an independent opinion, would not be considered lobbying.

*Broad Issues:* A nonprofit's discussion of broad social, economic and cultural policy issues whose resolution would require legislation, even if specific legislation on the matter is pending, is not considered lobbying so long as the discussion does not address the merits of specific legislation. i.e. A session at a nonprofit's annual meeting regarding the importance of enacting child welfare legislation, would not be lobbying so long as the organization is not addressing merits of specific child welfare legislation pending in the legislature.

*Ballot Initiatives/Referendum:* It's not grassroots lobbying if a nonprofit urges the public, through the media or other means, to vote for or against a ballot initiative or referendum. (This would be considered direct lobbying.)

## **V. REPORTING LOBBYING EXPENDITURES**

501(c)(3) organizations are required to report lobbying expenditures to the IRS. If a nonprofit does not elect to fall under the 1976 Lobby Law, the IRS requires detailed descriptions of a wide range of activities related to lobbying. For those organizations that take the 501(h) election, the only requirement is to report how much money was spent on lobbying and how much of the total lobbying dollars were spent on grassroots lobbying. Again, grassroots lobbying expenditures may only comprise 25% of the total lobbying expenditures in a year.

## **VI. CNU and LOBBYING**

As an individual, anyone can exercise their first amendment right and participate in political campaigns or policy advocacy. However only the CNU Board, the President and such designees as deemed necessary may formally represent and speak on behalf of the nonprofit corporation.

## **VII. CNU CHAPTERS AND LOBBYING**

Chapters are responsible for their own local policy agendas. Actions taken by chapters are not binding on the national CNU organization or its subsidiaries. CNU national may, at various times, send out a call to action to chapters asking for their involvement in a specific legislative matter. It will be up to the individual chapters to determine if and to what extent they get involved.

As currently outlined in the Chapter Policies Manual:

*2.4 Positions on Policies and Real Estate Developments*

*To ensure a consistent message from CNU and its chapters, chapters may not take a position on a policy issue or real estate development unless that position is consistent with the Charter of the New Urbanism and positions of CNU.*

Chapters wishing to engage in lobbying activities are responsible for filing their own paperwork with the IRS as necessary and maintaining their own accurate records of any expenses incurred in relation to such efforts. The Chapter's board should determine a process to give approval for individuals to speak on their behalf.

Chapters that wish to advance a national policy position may submit proposals for consideration by the CNU board.

The CNU and its chapters share the purpose and goal of advancing the principles and goals of the new urban movement as expressed in the Charter of the Congress for the New Urbanism. Below are some suggestions for ways to accomplish progress on our agenda:

- 1) Chapters elect a board member. Chapters are encouraged to communicate with their board representative in advance of CNU board meetings. Chapters also should feel free to communicate with any and all other board members.
- 2) The CNU Chapter Coordinator can assist chapters in understanding the process and communicating with each other, the board and other CNU staff.
- 3) The CNU Communications Director can also assist chapters in formulating and expressing messages through the media.

## APPENDIX B: CHAPTER REPRESENTATIVE

The CNU Nominations & Governance Committee established the Chapter Representative position on the board with the following policies and procedures:

- General Requirements and responsibilities:

The chapter representative must be an officer of a COC or Full Chapter at the time of nomination, must agree to fulfill the duties and responsibilities of a board member of CNU, including the CNU Board member responsibilities memo and conflict of interest policy and involve chapter chairs in identifying issues to bring to CNU's Board.

The Chapter Representative sets the agenda and leads the chapter steering committee meetings and conference calls and reports on issues relevant to the chapters following CNU Board meetings. The chapter representative serves one term (two years) on the board of directors. An individual cannot server two consecutive terms as the chapter representative.

- Selection process

- The Nominating & Governance Committee alerts the Chapter Steering Committee of an impending nomination process and Chapter Leaders announce the opportunity to serve to their respective chapters
- Chapter Leadership nominates one individual from amidst their Chapter Executive Committee and provides a letter of recommendation indicating the chapter's support of their candidate along with a resume or curriculum vitae of the candidate one week prior to the opening of the voting process
- The Nominating & Governance Committee reviews the candidate list to ensure that each individual is eligible to serve given the aforementioned qualifications
- An instant run-off style voting procedure occurs; each chapter, represented by their Chapter Leader, has one vote and the candidate with the highest vote total is deemed the Chapter Representative nominee
- In the situation of a tie, the current chapter representative is the tie-breaker.
- CNU Board of Directors votes on the confirmation of the Chapter Representative nominee
- If the CNU Board of Directors votes not to confirm the Chapter Representative nominee, the Chapter Leadership will decide whether they will nominate the candidate who received the second highest cumulative ranking or start a new candidacy process that will provide a nominee for which the CNU Board of Directors will vote to confirm

- Resignation or Removal

- The Chapter Representative may resign at any time by giving written notice to the Board of Directors. A resignation is effective at the time the notice is delivered unless the notice specifies a future date. The pending vacancy may be filled prior to the effective date, however the successor shall not take office until the effective date.
- The Chapter Representative may be removed from the Board of Directors for a failure to meet her or his obligation to further the mission of the Congress of the New Urbanism and its Chapters. Such removal shall be by a majority vote of the

- Board of Directors at a meeting at which the quorum is present.
  - The Chapter Representative may be removed from the Board of Directors if the Chapter Steering Committee feels that the Chapter Representative is not meeting their obligation to represent and support them in their efforts to further the mission of the Congress for the New Urbanism. The Chapter Steering Committee may approach the Executive Committee of the Board of Directors with such a complaint. The Executive Committee shall investigate the matter and recommend or not recommend removal of the individual by vote of the Board of Directors.
- Vacancy of the Position
  - If the Chapter Representative position is vacated prior to the end of the 2-year term, the Chapter Representative-elect will fill the vacancy. If there is no Chapter Representative-elect at the time of the vacancy, the Chapter Coordinator and the Chapter Steering Committee will carry out a special candidate selection process in order to nominate an individual that the CNU Board of Directors will confirm via vote in order to fill the role
- Chapter Representative-Elect
  - Following the first Chapter Representative selection, in the second year, the voting process will be repeated in order to select the successor to the Chapter Representative - the Chapter Representative-Elect
  - The identification, nomination and confirmation will occur every other year
  - The Chapter Representative-Elect may attend Board of Directors meetings, but attendance is not required. The Chapter Representative-Elect has no official role on the Board of Directors and is non-voting
  - The Chapter Representative-Elect will become acclimated to the leadership role and assist the Chapter Representative with issues related to the Chapters
  - Once an individual is selected to be the Chapter Representative-Elect they are allowed to, but are not required to, continue their service on a Chapter Executive Committee
- Timeline

The first chapter representative was selected in the Spring of 2009 and confirmed at the March CNU Board Meeting. The first Chapter Representative-Elect was selected in the Spring of 2010 to be confirmed at the May CNU Board Meeting. The next selection process is scheduled for the Spring of 2012.