MEMO

To: State and Local Executive Officers

From: Rick Burt, Director, Executive Officers Council

Date: November 14, 2017

Subject: Lobbying Tax Deduction for 2018 NAHB Dues

In 1993, the U.S. Congress enacted the Omnibus Budget Reconciliation Act that contained provisions affecting trade associations. The Act provided that taxpayers will no longer be able to deduct from their federal income taxes any portion of the association dues attributable to that association’s “lobbying activities” as an ordinary and necessary cost of doing business.

For 2018, NAHB estimates that the non-deductible portion of national dues—the portion that is applicable to lobbying—is 19%.

Each state affiliate will be making similar calculations with respect to their portion of the dues. If you have not already received notification from them, please look for it in the near future or contact them directly.

Associations must inform members of the portion of their membership dues that are spent on lobbying activities. Significant taxes or penalties may be assessed by the IRS against associations that do not comply with this regulation. NAHB recommends that all invoices of member dues contain adequate disclosure. Following is an example of a statement that can be shown on the face of a dues billing invoice:

“Dues payments to (association name) are not deductible as charitable contributions for federal income tax purposes. However, dues payments may be deductible as ordinary and necessary business expense, subject to exclusion for lobbying activity. Because a portion of your dues is used for lobbying by NAHB, (state association name) and (local association name, if relevant), XX% of the total dues, or $ XXX, is not deductible for income tax purposes.”

For additional information on NAHB lobbying tax deductions, contact Eileen Ramage at 202-266-8243.