

Political campaign practices. An organization formed to elevate the standards of ethics and morality in the conduct of political campaigns that disseminates information concerning general campaign practices, furnishes teaching aids to political science and civics teachers, and publicizes its proposed code of fair campaign practices without soliciting the signing or endorsement of the code by candidates qualifies as an educational organization under section 501(c)(3) of the Code. Rev. Rul. 66-258 modified and superseded for taxable years beginning after 1976.

Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for educational purposes.

The organization was formed for the purpose of elevating the standards of ethics and morality that prevail in the conduct of campaigns for election to public office at the national, state, and local levels. In furtherance of this purpose, the organization, on a nonpartisan basis, collects, collates, and disseminates information concerning general campaign practices through the press, radio, television, mail, and public speeches. In addition, the organization furnishes 'teaching aids' to political science and civics teachers to help stress the need for ethical conduct in political campaigns.

The organization has proposed a code of fair campaign practices. Although need for the code is extensively publicized, the organization does not solicit the signing or endorsement of the code by candidates for political office.

The organization's receipts are derived mainly from contributions or grants. A small percentage of its income is derived from the sale of its literature.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for educational purposes which do not participate or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office.

Section 1.501(c)(3)-1(c)(3)(iii) of the Income Tax Regulations provides that an organization is an 'action' organization, and thus not operated exclusively for educational purposes, if it participates or intervenes, directly or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office. Activities which constitute participation or intervention in a political campaign on behalf of or in opposition to a candidate include, but are not limited to, the publication or distribution of written or printed

statements or the making of oral statements on behalf of or in opposition to such a candidate.

Section 1.501(c)(3)-1(d)(3) of the regulations provides that the term 'educational', as used in section 501(c)(3) of the Code, relates to the instruction of the public on subjects useful to the individual and beneficial to the community.

The organization is instructing the public on subjects useful to the individual and beneficial to the community within the meaning of section 1.501(c)(3)-1(d)(3) of the regulations by encouraging voters to concern themselves with fair as well as unfair practices encountered in political campaigns. This is done, on a nonpartisan basis, so that citizens may increase their knowledge and understanding of our election processes and participate more effectively in their selection of government officials. Accordingly, the organization is operated exclusively for educational purposes and thus qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

The organization described above is identical to the organization described in Rev. Rul. 66-258, 1966-2 C.B. 213, except that it does not solicit the signing or endorsement of its code of fair campaign practices by candidates for political office. Rev. Rul. 66-258 is modified to the extent that it implies that the organization described therein qualifies under section 501(c)(3) of the Code even though it directly approaches candidates for public office and asks that they sign or endorse the code. Such activity constitutes participation or intervention in a political campaign and may result, through the publication or release of the names of candidates who sign or endorse or who refuse to sign or endorse the code, in influencing voter opinion. Since such activity is prohibited by section 1.501(c)(3)-1(c)(3)(iii) of the regulations, an organization engaging in such activity will not qualify under section 501(c)(3) of the Code.

Rev. Rul. 66-258 is modified and, as modified, is superseded since this position is restated in this Revenue Ruling. Rev. Rul. 60-193, 1960-1 C.B. 195, which was originally modified by Rev. Rul. 66-258, remains modified to the extent that it holds that the activities described therein could not qualify as educational within the meaning of section 501(c)(3) of the Code.

Pursuant to the authority contained in section 7805(b) of the Code, this Revenue Ruling will not be applied to taxable years beginning before January 1, 1977.