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New Proposed Regulations Requiring Nonprofit Disclosure of Electioneering Expenditures

On December 12, 2012, in an effort to bring transparency to the political process and protect donors to nonprofits, New York State Attorney General Schneiderman announced new proposed regulations requiring nonprofits to report their expenditures to federal, state and local electioneering.

Nonprofit organizations that are required to be registered with the Attorney General, including 501(c)(4) social welfare organizations, will be required to comply. Under the proposed disclosure requirements, such organizations will be required to annually report the percentage of their total expenses that are election-related expenditures.

If an organization's annual election-related expenditures related to state and local elections in New York exceed \$10,000, the proposed regulations will require the organization to file itemized schedules of *expenses and contributions*. Note that if the organization keeps segregated bank accounts for New York election-related expenditures and makes all of its New York election-related expenditures from such accounts, then only the contributions deposited into such accounts would need to be reported under the proposed regulations.

To comply with these disclosure requirements, the New York Attorney General's Office will issue a new Electioneering Disclosure Schedule, which nonprofits would file with their Annual Filing for Charitable Organizations. With certain exceptions, the electioneering disclosures under the proposed regulations will be made available to the public on the Attorney General's website.

Public hearings on the proposed regulations are being held between January 15, 2013 and February 27, 2013, and public comments are due by March 6, 2013.

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