501(c)(3) & 501(c)(6) Comparions

When starting a nonprofit professional association, it is important to have a clear mission and strategic plan, giving consideration to immediate and known activities, as well as potential future activities that support the association's mission. With the mission in mind, it is important to understand the difference between a 501(c)(3) and a 501(c)(6) nonprofit entity. Each serves a different purpose and follows different IRS rules. Choosing the right structure ensures compliance, appropriate funding strategies, and the ability to pursue your organization's mission effectively.

501(c)(3): Charitable Organization

Purpose:

- Created exclusively for charitable, religious, educational, scientific, or literary purposes.

Who They Serve:

- Serve the public good.

Examples:

- Schools
- Churches
- Food banks
- Animal shelters
- Research institutions

Tax Benefits:

- Tax-deductible donations for contributors.
- Exempt from federal income tax.

Restrictions:

- Cannot support or oppose political candidates.
- Lobbying must be limited and not a substantial part of activities.

501(c)(6): Business League or Trade Association

Purpose:

- Created to promote the common business interest of its members (e.g., industry standards, advocacy, networking).

Who They Serve:

- Serve members, not the general public.

Examples:

- Chambers of commerce
  - Real estate boards
  - Professional associations (e.g., American Bar Association)

Tax Benefits:

- Exempt from federal income tax.
- Donations are NOT tax-deductible as charitable contributions (but may be deductible as business expenses).

Activities:

- Can engage in unlimited lobbying related to their members' interests.
- Can advocate for legislation and policy changes that benefit their industry.

501(c)(3) vs 501(c)(6) Organization Comparison

This document outlines the key differences between 501(c)(3) and 501(c)(6) business setups, including purpose, audience, tax implications, and allowable activities.

Side-by-Side Comparison Table

Feature	501(c)(3)	501(c)(6)
Purpose	Charitable, educational, etc.	Business league / trade association
Primary Audience	The general public	Organization members
Tax-Deductible Gifts	Yes	No (but may be business-expense deductible)
Lobbying Allowed?	Limited	Unlimited (related to mission)
Political Campaigns?	Strictly prohibited	Can engage in some political activity
Common Examples	Nonprofits, schools, shelters	Chambers of commerce, trade groups

Applicable Scenarios to Consider:

Alaska – 501c3

The Alaska Association for Behavior Analysis (AKABA) was formed in January 2014 and became affiliated with ABAI in March 2016. As a 501(c)(3) nonprofit, AKABA operates under the guidelines that restrict lobbying activity, yet continues to support education, research, and practice within behavior analysis. Membership is open to all individuals interested in behavior analysis in Alaska and includes access to professional development opportunities, including CEUs, an annual conference, and legislative updates.

Despite the limitations imposed by our 501(c)(3) status, AKABA remains actively engaged in advocacy efforts through educational initiatives and public awareness campaigns. For example, in 2024, AKABA tracked initiatives

for inflationary adjustments to Medicaid reimbursement rates, and connected providers and advocacy groups, resulting in a 15.3% increase in reimbursement rates for ABA services. The association also hosts an annual conference that brings together professionals and community members to promote collaboration, dissemination of research, and continued growth of the field in Alaska.

Virginia – 501c6

The Virginia Association for Behavior Analysis (VirginiaABA) was founded in 2003 and actually began as a 501c3. The Association owes its formation to individuals affiliated with the James Madison University and remained in that institution until 2014, when it was determined there was a need for expanded advocacy and services that the association could provide. Around this same time, ABA was mandated to be covered by insurance for autism (2010) and the state introduced licensure for behavior analysts (2012).

It so happened that the proper paperwork had not been filed for three years and the association lost its 501c3 designation. Due to the acknowledged need for current and future advocacy, VirginiaABA took Dr. Gina Green's advice and applied for 501c6 designation. Since then, the organization has lobbied for many bills and regulations that benefit behavior analysis in the state. They are registered as a fundraiser in Virginia and follow the law with respect to donations.

Texas – both 501c3 and 501c6

The Texas Association for Behavior Analysis (TxABA) was founded in 1986 and is a 501c3, which limits TxABA's ability to be involved in public policy and lobbying. In 2015, TxABA started the legal process to launch the TxABA Public Policy Group (PPG) as a separate 501c6 entity that focuses on legislative issues and hires a lobbyist to represent behavior analysis to legislators. TxABA is the controlling member of the TxABA PPG, keeping the organizations connected but allowing the TxABA PPG to function independently as a 501c6.

Having two separate organizations has the benefit of keeping the main organization, TxABA, focused on the overall field and the promotion of the science of behavior analysis in its different areas. At the same time, it allows the TxABA PPG officers to focus on legislative issues, a monumental task that necessitates numerous volunteer hours and the ability to act quickly. Although this model works well for Texas, the biggest hurdles in being separate entities is that it limits administrative support, and the model may not be feasible for smaller state organizations that are in their initial years.