Tax-Exempt Status Brief

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Key findings

- 501(c)(6) status protects activity that serves a whole membership's common business interest; it does not protect activity that functions as a private commercial venture for any single member or for the association itself.
- The programs most likely to draw scrutiny as an association scales are the ones that look most like a commercial product: a certification sold widely, a benchmarking survey sold to nonmembers, or an exhibit hall that dwarfs the conference around it.
- Proposals to narrow (c)(6) eligibility recur roughly every few congressional sessions, and NANA tracks this file at monitoring status precisely because no single proposal has yet advanced far enough to require a formal response.
- The safest posture for a growing association is reviewing its own qualifying activities against this brief while its advocacy file is quiet, not waiting for a specific bill to force the review.

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What 501(c)(6) status actually protects

Section 501(c)(6) of the tax code exempts business leagues, chambers of commerce, and professional and trade associations organized to improve business conditions for an entire line of business or profession, rather than to perform particular services for individual members. The test that matters day to day is whether an activity serves the whole membership's common interest or functions, in substance, as a service performed for individual members or paying customers regardless of membership status. An association's conference, its advocacy work, and its general member communications sit comfortably inside that test. The harder cases are the activities that generate revenue that looks, from the outside, like an ordinary commercial transaction — because the tax analysis doesn't turn on whether money changes hands, but on what the activity actually does for the field as a whole.

Activities that draw scrutiny as an association grows

A small association with a handful of programs rarely faces this question in practice; scrutiny tends to arrive as an association's non-dues revenue diversifies. A conference that grows from a modest annual gathering into a multi-day event with a large exhibit hall, sponsor prospectus, and paid workshops still generally supports the common-business-interest test, since the conference itself serves the field broadly even as its individual components generate substantial revenue. The activities that warrant a closer look are the ones sold as standalone commercial products, priced and marketed the way a for-profit vendor would price and market a similar offering, particularly when nonmembers can buy the same product on largely the same terms as members.

The certification and credentialing gray area

A certification or credentialing program is one of the clearest examples of an activity that can serve the common-business-interest test even while charging a substantial fee, because a credential that sets a recognized standard for an entire profession benefits the field broadly, not just the individuals who earn it. The analysis gets harder when a credentialing program is priced and marketed primarily as a revenue line rather than as a standard-setting function — for instance, if the fee structure bears no reasonable relationship to the cost of administering the credential, or if the program's marketing emphasizes the fee revenue it generates rather than the standard it sets. Associations running a credentialing program should be able to articulate, in plain terms, how the credential benefits the profession as a whole, not just how much revenue it brings in.

Selling research and data to nonmembers

Benchmarking surveys and compensation studies, sold to both members and nonmembers, are a similarly common non-dues revenue line that can raise the same question if priced and marketed like a commercial data product. The stronger position is one where the research still serves the association's broader field-improvement mission — establishing shared industry benchmarks that raise practice standards across an entire profession — even though nonmembers can purchase access. An association selling a data product priced and marketed identically to a for-profit research firm's offering, with no connection back to the association's own mission of improving conditions across its field, is in a weaker position if that activity is ever scrutinized.

Why NANA tracks this as an advocacy file

NANA maintains an active advocacy file, Protecting 501(c)(6) Status, tracked at monitoring status rather than active, because proposals to narrow (c)(6) eligibility recur every few congressional sessions without a specific bill currently advancing. These proposals are typically aimed at closing a narrow abuse identified elsewhere in the tax code, but drafted broadly enough that they risk sweeping in ordinary association programming along with whatever specific abuse motivated the proposal. Board Secretary Benjamin Oduya has flagged this recurring pattern to members at NANA's Fall Policy Forum in multiple recent years, on the view that the quiet period between proposals is exactly when member associations should be reviewing their own qualifying activities, rather than waiting until a specific bill forces a reactive scramble.

A practical review checklist

Association executives and general counsel can use this brief as a starting checklist: Does each major revenue-generating program serve the whole field, or could it be described honestly as a service performed mainly for paying individual customers regardless of membership? Is any

certification or credentialing fee structure explainable in terms of administering a genuine standard, rather than primarily as a revenue target? Does research or data sold to nonmembers still connect back to the association's mission of improving conditions across its field, or does its marketing read like a standalone commercial product? Reviewing these questions now, while NANA's advocacy file sits at monitoring status, gives an association time to adjust program design if a gap surfaces, rather than discovering the gap only after a specific narrowing proposal reaches a hearing.