

Dear JCOPE:

I missed Friday's deadline for formal comments on the revised Source of Funding regulations, but wanted to throw in my two cents worth anyway.

In my view, the "Amount of Contribution(s)" definition in Section 938.2 is an arbitrary leap of logic.

Why is the "reasonable person test" that is used in enforcing the Reportable Business Relationship rule not applied here as well? What reasonable person would conclude that when a member of a client association pays the association \$5,000 or more in the form of a trade show booth rental, event sponsorship, and/or membership directory advertisement, he/she does so with the intent that some portion of it be devoted to lobbying expenses incurred by the association?

When we send out membership renewal notices every year, in accordance with federal law the invoice clearly states the percentage of the dues payment that is non-deductible as a business expense because the association anticipates using that portion for lobbying. Our CPA calculates that percentage based on our total anticipated lobbying expenses and our total anticipated dues income. Trade show booths, event sponsorships and registrations, and advertising are totally separate from dues. We don't need any such revenue for lobbying, because our lobbying expenses are covered entirely by dues.

Given these circumstances, Part 938 is requiring my client association to report something that is utterly untrue -- that a percentage of our trade show, sponsorship, advertising, and event registration income goes to lobbying.

Thank you.

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