



**WISCONSIN
BUILDERS
ASSOCIATION**

TO: Local Association Executive Officers
FROM: Brad Boycks
DATE: November 7, 2023
RE: Lobbying Tax Deduction, Dues Deductibility Notice

Each year, we must inform our members that a portion of their local, state, and national dues are dedicated to "lobbying activities" and not deductible from federal income taxes. I believe that you have received, or will soon receive, a notice from NAHB explaining the federal, and informing you of the amount of NAHB dues that is not deductible.

The purpose of this letter is to inform you of the amount of WBA dues that is not deductible.

For 2024, WBA estimates that the non-deductible portion of state dues--the portion that is applicable to lobbying, is \$70.86. \$42 of the total WBA dues goes to the Building Industry Council (BIC), a 501(C)(4) social welfare organization, and 100% is non-deductible. Thus, for a member who pays their WBA dues of \$190 per associate and builder member in 2024, 19.5% of the WBA portion of \$148 (\$28.86) plus 100% of the BIC portion of \$42 (\$42), totaling \$70.86, will not be eligible for deduction as a business expense. Similarly, for an affiliate member who pays their WBA dues of \$10 in 2023, 19.5%, or \$1.95, will not be eligible for deduction as a business expense. The affiliate dues do not include any allocation to the BIC.

Associations must inform members of the portion of their membership dues that are used for lobbying activities. Significant taxes or penalties may be assessed by the IRS against associations that do not comply with this regulation. NAHB recommends that all invoices of member dues contain adequate disclosure. The following is an example of a statement that we ask you to place on the face of a dues billing invoice:

"Dues payments to (association name) are not deductible as charitable contributions for federal income tax purposes. However, dues payments may be deductible as ordinary and necessary business expenses, subject to an exclusion for lobbying activity. Because a portion of your dues is used for lobbying by NAHB, WBA, and (local association name, if relevant), XX% of the total dues, or \$XX.XX is not deductible for income tax purposes. Also please note that of the \$190 you pay in dues to the WBA \$42 of that portion is a mandatory donation to the Building Industry Council, a 501(C)(4) social welfare organization that, through grassroots lobbying, keeps Wisconsin residents informed of state and local regulatory issues that affect the health of the economy in Wisconsin."

To calculate the total amount that is not deductible, add the NAHB portion, the \$70.86 WBA portion (\$1.95 for affiliates), and any appropriate local association portion attributable to lobbying. More information on the NAHB portion should be sent to you directly from NAHB. To calculate the percentage of the total dues that is not deductible, divide the total amount you just arrived at by your total dues.

Here is an example: Your total dues amount being billed to a member is \$600, and no portion of your local association dues are attributable to lobbying. In that case, the total amount that is not deductible is the NAHB (estimated) portion of \$35.64 (18% of \$198) plus \$70.86 (see above calculation) for the WBA portion, for a total of \$106.50. The percentage of the total dues that is not deductible would then be \$106.50 divided by \$600, which is 17.75%.

If you have questions, please contact Brad Boycks at WBA at 608-242-5151, ext. 16. for the WBA portion and Eileen Ramage at 202-266-8243 for the NAHB portion.