



# Political Law Alert

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## **LDA Filers Using Method C Must Now Disclose Local Direct Legislative Lobbying Expenses**

The Tax Cuts and Jobs Act of 2017 (TCJA), among many other changes to the Internal Revenue Code (IRC), repealed the business deduction for local direct legislative lobbying expenses. This covers direct legislative lobbying of local councils or similar governing bodies, as well as Indian tribal governments.

As a result of the repeal, for-profit companies and trade associations that are registered under the Lobbying Disclosure Act of 1995 as amended (LDA) and that report lobbying expenses on their quarterly LD-2 reports using the IRC method (Method C) must now include any local direct legislative lobbying expenses. Please note that the TCJA does not affect grassroots lobbying, which continues to be nondeductible and is reportable on the LD-2 under Method C at all levels (federal, state and local).

The change is in effect for the LD-2 due on April 20, 2018. If an organization has traditionally used Method C for reporting lobbying expenses on the LD-2 but engages in significant local direct legislative lobbying, the organization may wish to reassess whether to use the LDA method instead. Please note that a registrant selecting either method must use it for the entire calendar year.

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