

HB 434 - Persons Providing Lobbyist Compensation –

Uploaded by: Catherine OMalley

Position: FAV

BILL NO: House Bill 434
TITLE: Persons Providing Lobbyist Compensation – Statement of Political Contributions – Exemption for Nonprofits
COMMITTEE: Education, Energy and the Environment
HEARING DATE: March 27, 2024
POSITION: **SUPPORT**

House Bill 434 would exempt qualified 501(c)(3) nonprofit organizations from having to file a disclosure statement with the State Board of Elections (SBE) for spending at least \$500 to compensate one or more regulated lobbyists. The bill would take effect July 1, 2024. The Women's Law Center of Maryland wholeheartedly supports this bill as we are a qualified 501(c)(3) and are already required to make such disclosure.

As a lobbyist for our organization, I, the author of this testimony, must register with the State Ethics Commission (SEC) and am considered a regulated lobbyist under the Maryland Public Ethics Law, because I am paid specified expenses and/or received specified compensation for the purpose of influencing legislative or executive action, as set forth under § 5-702 of the General Provisions Article. As a regulated lobbyist I am subject to various reporting requirements and other provisions under the Ethics Law. The Fiscal Note to this bill lists all the things with which I must comply.

House Bill 434 would simply exempt the 501(c)(3) for which I work from having to file as well. 501(c)(3) nonprofits are already prohibited from making political contributions, and should not have to also make this disclosure. The lobbying Ethics Laws adequately monitor the requirements.

For these reasons, the Women's Law Center of Maryland urges a favorable report on House Bill 434.

The Women's Law Center of Maryland is a non-profit legal services organization whose mission is to ensure the physical safety, economic security, and bodily autonomy of women in Maryland. Our mission is advanced through direct legal services, information and referral hotlines, and statewide advocacy.

HB 434 - SUPP - EEE - 2nd - March 27 Contribution

Uploaded by: Henry Bogdan

Position: FAV



March 27, 2024

Testimony on House Bill 434
Persons Providing Lobbyist Compensation –
Statement of Political Contributions – Exemption for Nonprofits
Senate Education, Energy, and the Environment Committee

Position: Favorable

Maryland Nonprofits is a statewide association of almost 1800 nonprofit organizations and institutions. On behalf of the nonprofit community we advocate for policies to advance greater quality of life and equity, and encourage charitable nonprofits to advocate behalf of the needs of the people and communities they serve. Maryland Nonprofits urges a favorable report on House Bill 434 to remove what could be a disincentive for some charities to engage in important policy work.

Nonprofit organizations that are granted federal tax exemption under Section 501(c)(3) of the Internal Revenue Code, unlike any other nonprofit, are already significantly limited in how much they can engage in lobbying activity. In fact, In the 1970's Congress acted to encourage more communication from charities, enacting Section 501(h) to provide an optional 'bright line' expenditure test as an alternative to the "no substantial part" (of a charity's activity) restriction in the IRC.

More significantly, 501(c)(3)'s are strictly prohibited from any form of [intervention in political campaigns](#), including any activity that evidences support or opposition to a candidate for elected office, including any contribution or form of endorsement.

Like any other lobbyist, one engaged by, or on staff of a charity is already subject to reporting any state campaign contribution of any amount under State ethics law. Requiring contributions to be reported by and 'attributed' to an organization strictly forbidden by federal law from any contact (solicitation, facilitation, or reimbursement) with political contributions is problematic.

We urge you to give House Bill 434 a **favorable report**.



BOE reporting - exemption for 501c3 - testimony -

Uploaded by: Lisae C Jordan

Position: FAV



Working to end sexual violence in Maryland

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Testimony Supporting House Bill 434
Carrie Tirrell, Supervising Attorney, Sexual Assault Legal Institute
Lisae C. Jordan, Executive Director & Counsel
March 27, 2024

The Maryland Coalition Against Sexual Assault (MCASA) is a non-profit membership organization that includes the State's seventeen rape crisis centers, law enforcement, mental health and health care providers, attorneys, educators, survivors of sexual violence and other concerned individuals. MCASA includes the Sexual Assault Legal Institute (SALI), a statewide legal services provider for survivors of sexual assault. MCASA represents the unified voice and combined energy of all of its members working to eliminate sexual violence. We urge the Education, Energy & the Environment Committee to report favorably on House Bill 434.

House Bill 434 – Board of Elections Reporting – Exemption for 501(c)3 Non-Profits

This bill exempts 501(c)(3) charities from the requirement to report on political contributions to the Board of Elections. These organizations are prohibited from ever making political contributions, so any report filed would be zero and the requirement creates unnecessary burdens on all involved.

The Board of Elections requires reporting of campaign contributions and previously required organizations to report if they both employed a lobbyist AND had cumulative contributions of \$500 or more. In 2022, [SB15/HB340](#) struck the requirement that the organization have cumulative contributions of \$500. As a result, many non-profit 501(c)(3) organizations that advocate in Annapolis suddenly had to report contributions of zero. Examples include the Maryland Coalition Against Sexual Assault and the Women's Law Center of Maryland.

The reports will always be zero, because 501(c)(3) organizations are prohibited by law from making contributions and, if they make contributions (or direct that they be made), they jeopardize their non-profit tax status.

Many non-profit colleagues were, and are, unaware of the change in the law and now face \$1000 penalties for failing to file zero reports. Additionally, filing any report with the Board of Elections is uncomfortable for a 501(c)(3) and raises concerns that the IRS may not understand why the organization has any interaction with the BOE. It creates a red flag for the IRS for no reason.

House Bill 434 corrects this apparently unintentional effect of the 2022 bill by exempting 501(c)(3)s from the filing requirement. It would not affect (c)(4)s or 527s or any other organizations. It also would not change the reporting requirements that individual lobbyists file reports on their personal contributions. If the Board of Elections (or anyone) suspected a bad actor, they could still track them down using the lobbyist filings, lists of board members on 990s, and other contribution records.

MCASA is grateful to the sponsor for introducing this bill and to the sponsor of the cross-file which remains in Rules, and for their work valuing non-profit organizations.

**The Maryland Coalition Against Sexual Assault urges the
Education, Energy & the Environment Committee to
report favorably on House Bill 434**