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House Bill 434 – Persons Providing Lobbyist Compensation – Statement of Political Contributions – Exemption for Nonprofits

Testimony Before the Ways and Means Committee

The State Ethics Commission provides this informational written testimony to explain the impact of this proposed legislation as set forth in the agency’s fiscal note submitted on this bill. There will be a small operational impact on the State Ethics Commission from this proposed legislation. The State Ethics Commission would have to change existing informational memos and website information for lobbyists to reflect the changes to reporting requirements in the proposed legislation. There is no anticipated fiscal impact on the agency.

Section 5-101(e) of the Public Ethics Law defines “business entity” to mean a person engaged in business, whether profit or nonprofit, regardless of form. Section 5-716 of the Public Ethics Law currently requires that any person, including for-profit or nonprofit business entities, which compensates a lobbyist \$500 within a six-month reporting period, file a report with the State Board of Elections to disclose certain political contributions made by the person or an officer, director, or partner of the business entity. House Bill 434 seeks to change these specific political contribution reporting requirements and exempts nonprofit organizations qualified under 501(c)(3) of the Internal Revenue Code from making this report to the State Board of Elections.

Nonprofit organizations will still be required to register as a lobbying entity if the organization meets any of the registration requirements of §5-702 of the Public Ethics Law or if the nonprofit entity hires an individual lobbyist to register as a lobbyist on the nonprofit organization’s behalf. Reporting of all lobbying activities will still be required for nonprofit entities under the provisions of the Public Ethics Law. Additionally, §5-708 of the Public Ethics Law requires that individual regulated lobbyists who are registered to represent a nonprofit entity disclose any political contribution regulated under the Election Law Article made directly or indirectly by the regulated lobbyist for the benefit of the Governor, Lieutenant Governor, Attorney General, Comptroller, member of the General Assembly, or a candidate to any of those offices to the State Ethics Commission. These political contribution reports are submitted twice a year with other lobbying activity reports and are publicly available.