

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 434

(Delegate Atterbeary)

Ways and Means

Education, Energy, and the Environment

**Persons Providing Lobbyist Compensation – Statement of Political Contributions
– Exemption for Nonprofits**

This bill exempts 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 takes effect July 1, 2024.**

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: The bill does not materially affect local government operations or finances.

Small Business Effect: None.

Analysis

Current Law:

Lobbying Provisions of the Maryland Public Ethics Law

Title 5, Subtitle 7 of the General Provisions Article (“Lobbying”) governs the regulation of lobbying in the State. An entity must register with the State Ethics Commission (SEC) and is considered a regulated lobbyist under the Maryland Public Ethics Law, if the entity has incurred 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. A regulated lobbyist must file a registration with SEC within five days after first performing an act that requires registration under § 5-702 and by

November 1 annually thereafter. Regulated lobbyists are subject to various reporting requirements and other provisions under the Ethics Law.

Financial Disclosures, Generally

Under the Maryland Public Ethics Law, a person must file a statement with SBE if at any time during a specified six-month reporting period the person (1) spent at least \$500 to provide compensation to one or more regulated lobbyists and (2) made or caused to be made an applicable contribution in the cumulative amount of \$500 or more. The statement, made under oath, should specify:

- the name of each applicable recipient to whom an applicable contribution was made or caused to be made during the reporting period and, if not previously reported, during the preceding reporting period;
- the office held or sought by each applicable recipient named;
- the aggregate contributions made to each applicable recipient named;
- the name of each regulated lobbyist employed or retained by the person filing the statement; and
- the name of the person who made the political contribution and the relationship of that person to the person filing the statement, if a political contribution was made by another person but is attributed to the person filing the statement.

SBE is authorized to impose fees for the late filing of a statement, and civil penalties for failing to file the required disclosures. A person who knowingly and willfully fails to comply with the filing requirement is guilty of a misdemeanor and subject to a fine of up to \$25,000 and/or imprisonment of up to one year.

Under the bill, these provisions would no longer apply to qualified 501(c)(3) nonprofit organizations.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 1143 (Senator Kagan) - Rules.

Information Source(s): Maryland State Board of Elections; State Ethics Commission; Department of Legislative Services

Fiscal Note History: First Reader - January 29, 2024
km/mcr Third Reader - February 23, 2024

Analysis by: Amanda L. Douglas

Direct Inquiries to:
(410) 946-5510
(301) 970-5510