

GET MONEY OUT

Maryland

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TESTIMONY BEFORE THE WAYS AND MEANS COMMITTEE IN SUPPORT OF HB 34 WITH AMENDMENT – CONTRIBUTIONS, EXPENDITURES, OR DONATIONS BY FOREIGN-INFLUENCED CORPORATIONS OR FOREIGN PRINCIPALS

January 28, 2020

Get Money Out (GMOM) is an all-volunteer organization established seven years ago. We want all citizens to have equal access to the ballot and an equal say in governance. We believe that the influence of big money is a deeply corrosive force in our polity.

We heartily endorse House Bill 34 because the *Citizens United* era (2010-present) has made our election systems much more vulnerable to foreign influence. Open Secrets tells us that almost \$1 billion in dark money has been spent to influence US elections since 2010. Most often, this takes the form of contributions from 501(c)(4) non-profit organizations to PACs or SuperPACs. The 501(c)(4)s do not publicly divulge donors. Moreover, the Treasury Department has issued a new rule so that the IRS no longer is informed of the identities of donors to 501(c)(4) organizations. Thus, short of targeting thousands of such organizations for audits, the IRS has no way of knowing whether they are receiving foreign contributions and using them to influence our elections.

But the IRS doesn't enforce the law. Many independent watchdogs and individuals have been sounding the alarm about the inability of the IRS to fulfill its oversight duties in light of the gutting of the IRS budget over the years.ⁱ

Only two weeks ago, the Treasury Inspector General, released a [report](#) about the inability of the IRS to fulfill its oversight of the nonprofit sector, focusing specifically on these “social welfare” organizations.ⁱⁱ The report found at least 9,774 of these politically active organizations have not met reporting requirements. *Bloomberg* reports “that [they] may have failed to notify the Internal Revenue Service of their existence or submit the paperwork to operate tax-free.”ⁱⁱⁱ

With the passage of House Bill 34, Maryland will have its own reporting requirement (starting at page 4, line 12 of the bill) that will require 501(c)(4)s to report foreign influence, and PACs and other campaign finance entities will have to guard against receiving foreign-influenced contributions. We want to suggest one amendment to strengthen the bill. On page 4, line 9, strike “OR”. At the end of line 11, before the period, insert:

“OR

(4) MAKE A CONTRIBUTION TO A 501(C)(4) SOCIAL WELFARE CORPORATION THAT MAKE EXPENDITURES OR CONTRIBUTIONS INTENDED TO INFLUENCE MARYLAND ELECTIONS.

The effect of this amendment would be to explicitly ban foreign-influenced corporations from funneling money to 501(c)(4)s that try to influence our elections.

We ask for your consideration of the amendment and for your favorable report.

ⁱ <https://www.propublica.org/article/how-the-irs-was-gutted>

ⁱⁱⁱ <https://www.treasury.gov/tigta/auditreports/2020reports/202010001fr.pdf>

ⁱⁱⁱ <https://nonprofitquarterly.org/nearly-10000-501c4s-failed-to-meet-reporting-rules-says-us-treasury/>