



**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**.

