

February 14, 2024

Statement on Senate Bill 541
Maryland Online Data Privacy Act of 2024
Senate Finance Committee

Position: Amend

Maryland Nonprofits is a statewide association of more than 1800 nonprofit organizations and institutions. We respectfully ask that Senate Bill 541 be amended to exempt nonprofit organizations that are exempt from taxation under Section 501(C)(3) of the Internal Revenue Code.

We recognize that the bill, or amendments being discussed, may or may not exempt some groups of charitable organizations, however, for those that fall within the ambit of its provisions, it would impose significant compliance burdens, such as providing an extensive process for consumers to find out what personal data the organization has collected on them, as well as rights to correct the data, delete it, etc., along with various notification and appeal procedures.

The relationship between charities and donors is not the same as most commercial transactions between businesses and customers, and charities already have strong motivations to respect donor wishes and preferences. Honoring donor privacy is an element of prominent 'best practice' standards in the nonprofit community, as in Maryland Nonprofits nationally recognized *Standards of Excellence* code: "D. DONOR RELATIONSHIPS AND PRIVACY - (1) Nonprofits should respect the donor's right to determine how their name and contact information is used, including providing opportunities to remain anonymous, request that the organization curtail repeated mailings or telephone solicitations from in-house lists, and have their names removed from any mailing lists which are sold, rented, or exchanged."

We would point out that the majority (10) of the states that have enacted similar legislation have excluded 501(C)(3) exempt organizations, recognizing the burden this could place on charitable operations.

We urge the adoption of an amendment to exempt nonprofits exempt under that provision of the Internal Revenue Code from Senate Bill 541.

