

PUBLIC POLICY

BALLOT ISSUES, NONPROFIT LOBBYING, AND THE 'SLOTS REFERENDUM'

1 - 501(C)(3) ORGANIZATIONS ARE ALLOWED TO "LOBBY" THE VOTERS ON BALLOT ISSUES

Most nonprofits know (we hope) that they are allowed to be advocates on policy issues important to their causes and organizations – it's legal to lobby within the limits set by the Internal Revenue Code.

Even though ballot issues, such as local charter amendments, bond issues, and state constitutional amendments (e.g. the "slots referendum") involve voting at election time, it is perfectly legal to try to influence the voters when they are in effect "legislating". This is a **lobbying** activity under the IRS rules. The strict prohibition on 501(C)(3) "partisan electioneering" applies to candidate elections.

For almost every 501(C)(3) organization, the IRS lobbying limits are more generous and easier to determine if your group has filed the 501H (expenditure test) election. Contact Henry Bogdan at Maryland Nonprofits (hbogdan@mdnonprofit.org) if you have any questions about the IRS rules on nonprofits' election year activities or lobbying.

2 - SPECIAL RULES FOR THIS YEAR'S CONSTITUTIONAL REFERENDUM ON GAMING

The General Rule: Maryland's election laws require formation of a political 'ballot issue' committee if any group is going to solicit or spend funds for the purpose of supporting or opposing a ballot issue. (See the State Elections website at http://www.electionsmaryland.com/summary_guide/sg_05.html)

However, a nonprofit organized and operating for other purposes, spending what are in effect 'general funds' **not** raised for the purpose of influencing a ballot issue, and for which this type of activity is only an occasional occurrence and not its primary purpose or mission, would not normally constitute a political committee or be subject to filing and reporting.

Special Rule for This Year's Referendum: Chapter 4 (SB 3) enacted in the 2007 Special Session, and amended during the 2008 General Assembly (Chapter 620 – SB 755) provide that any "person", which includes any corporation or other entity, making "cumulative expenditures that total more than \$10,000 to promote the success or defeat" of this referendum must file with the State Board, within 7 days of reaching that expenditure amount.

This filing should be on Form 21 – "Slot Machine Gaming Expenditure Notice" at <http://www.electionsmaryland.com/forms/campaign.html> and includes the name of the person or group required to file, an individual responsible for directing expenditures and responsible for complying with the law, a business address and whether the expenditures are in support or opposition of the referendum.

After filing Form 21, the person or organization is subject to all the reporting and sanctions that would apply to a ballot issue committee.

If you have specific questions how these rules may apply to your group's activities, you should consult your legal advisor or the State Board (<http://www.electionsmaryland.com/about/contact.html>).

3 - ADVOCACY AND LOBBYING TRAININGS THIS MONTH

September 9, Baltimore
9:30 am to 4:00 pm
Maryland Advocacy 101

September 16, Salisbury
10 am to 3 pm - Understanding Maryland's Legislative Process

September 17, Largo
10 am to 3 pm - Understanding Maryland's Legislative Process

October 28, Hagerstown
10 am to 3 pm - Understanding Maryland's Legislative Process

See our training calendar for details at www.marylandnonprofits.org

MARYLAND BUDGET AND TAX POLICY INSTITUTE

SLOT MACHINE GUIDE

Are you deciding how to vote in the upcoming referendum on slot machines in Maryland? Look for objective, straightforward, un-spun information on the major claims made by slots proponents and opponents in "The Regular Person's Guide to the Maryland Slot Machine Referendum" available this month on MB&TPI's website at www.marylandpolicy.org.

UNEMPLOYMENT BENEFITS AND SCHOOL FUNDING

September means Labor Day and back-to-school. This month the Maryland Budget and Tax Policy Institute presents new reports on Unemployment Insurance and School Finance.

Maryland's Unemployment Insurance benefits are low compared to other states, and do not cover part-time workers. As the economy weakens, these deficiencies will cause undue hardship for thousands of working people, and especially for single parents.

Actions taken in Annapolis last year will slow the future growth in public school funding. MB&TPI is concerned.

NEW CENSUS DATA

Check out MB&TPI's web page at www.marylandpolicy.org for the latest information regarding the number of Maryland families living in poverty, the growth in household income in the state, and health insurance coverage.