

Implications of Ongoing Case Challenging New Officer Demographic Reporting Requirements for Impacted Illinois Nonprofit Organizations

Healthcare Alert | 2 min read

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The ongoing federal case of *American Alliance for Equal Rights v. Bennett, et al.* will significantly affect impacted Illinois nonprofit organizations, as it challenges new legal requirements that could affect how organizations collect, manage, and publicly disclose sensitive demographic information about their leadership.

Background

At issue in *American Alliance* is a challenge to Illinois Senate Bill 2930, which amends the Illinois General Not For Profit Corporation Act of 1986.

The operative complaint, filed on January 21, 2025, alleged that SB 2930 unconstitutionally compels speech by requiring Illinois not-for-profit corporations that report grants of \$1,000,000 or more to other charitable organizations to solicit, collect, and publicly disclose demographic information regarding the corporation's directors and officers, including race, ethnicity, gender, disability status, veteran status, sexual orientation, and gender identity.

Corporations are required to post the disclosure on their publicly available website, if any, within 30 days following the corporation's filing of its annual AG990-IL Charitable Organization Annual Report. In collecting the aggregated demographic information of its directors and officers, the corporation shall allow for an individual to decline to disclose any or all personal demographic information.

Claims and Relief Sought

The plaintiff, American Alliance for Equal Rights (the "Alliance"), proceeded against the Illinois Attorney General, the Secretary of State, and the Director of the Department of Human Rights in their official capacities. The Alliance

contends that:

- (i) SB 2930 violates the First Amendment by forcing nonprofits to engage in state-mandated, objectionable speech, and
- (ii) the statute violates the Equal Protection Clause of the Fourteenth Amendment by incentivizing race-based distinctions.

No monetary damages are sought; the relief requested was declaratory and injunctive, premised on the allegation that Alliance members face imminent harm now that SB 2930 is in effect.

A Mixed Ruling by the District Court

On August 20, 2025, the federal district court issued a mixed ruling. It both granted and denied in part the defendants' Rule 12 motion, granted the United States' (as intervenor) motion to dismiss, and denied the motions for preliminary injunction filed by both the Alliance and the United States.

In the same order, the court expressed frustration with the parties' repeated representations of urgency, noting that the Illinois Department of Human Rights has not yet promulgated the standardized demographic classifications necessary for compliance.

The court observed that, absent those classifications, "no qualifying not-for-profit organization could reasonably be expected to collect any demographic information at present or otherwise comply with SB 2930," and admonished the litigants that docket management and case prioritization remain within the court's discretion.

Seventh Circuit Appeal

The Alliance noticed an appeal to the Seventh Circuit on August 21, 2025. Thereafter, on August 27, 2025, the parties stipulated to stay the enforcement of SB 2930 as to Members A and B for the duration of the appeal from the denial of preliminary injunctive relief. Importantly, no injunction has been issued that would restrain the enforcement of SB 2930 against entities other than those two identified members.

Nevertheless, because the Department of Human Rights still has not released the requisite demographic classifications to be used by corporations that are required to file reports under SB 2930, the court has observed—on the current record—that no qualifying nonprofit can yet comply with the statute in any event.

Takeaways for Impacted Illinois Nonprofit Organizations

Impacted Illinois not-for-profit corporations that report grants of \$1,000,000 or more to other charitable organizations should monitor the progress of this case.

It is also important for organizations to watch for the Department of Human Rights' publication of the standardized list of demographic classifications that will be used for required reports.

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