SENATE BILL 964

C2 4lr3108
CF 4lr1073

By: **Senator Kelley**
Introduced and read first time: February 7, 2014
Assigned to: Rules

A BILL ENTITLED

AN ACT concerning

Secretary of State and Attorney General – Charitable Enforcement and Protection of Charitable Assets

FOR the purpose of authorizing the Attorney General to take certain actions relating to investigations of alleged violations of laws relating to charitable organizations and charitable representatives; repealing the authority of a designee of the Secretary of State to investigate certain violations; repealing certain authority for the legal counsel for the Office of the Secretary of State to administer oaths and examine an individual under oath; providing that a failure of the Attorney General to enforce a certain violation does not constitute a waiver of certain provisions or rights; altering the permissible circuit courts in which the Attorney General may sue for a certain order; adding the issuance of a cease and desist order by the Attorney General to the circumstances in which a person may request a certain hearing; authorizing the Attorney General to make reciprocal agreements with other states for certain purposes; establishing the Charitable Enforcement Fund as a special, nonlapsing fund in the Office of the Secretary of State; specifying the purpose of the Fund; requiring the Secretary of State to administer the Fund; requiring the State Treasurer to hold the Fund and the Comptroller to account for the Fund; specifying the contents of the Fund; specifying the purpose for which the Fund may be used; providing for the investment of money in and expenditures from the Fund; providing that a certain provision of law does not apply to the Fund; repealing requirements for certain written consent; altering certain fees; requiring certain amounts of certain fees to be distributed to the Fund for a certain use; expanding the types of advertising the broadcaster, publisher, or printer of which is not liable for a certain violation, except under certain circumstances; prohibiting a person from taking certain actions against an individual because the individual provided certain information to certain persons; requiring the Attorney General to represent the public interest in the protection of charitable assets; authorizing the Attorney General to take certain actions relating to charitable assets; authorizing the Secretary of State or the Attorney General to

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

enter into a settlement agreement under certain circumstances; authorizing the Attorney General to sue in a circuit court for a certain order; providing that certain remedies are in addition to and do not limit certain powers and duties of the Secretary of State and the Attorney General; requiring the Secretary of State and the Attorney General, on or before a certain date, to convene a certain workgroup, composed of certain representatives, and to submit certain reports to the Governor and the General Assembly; requiring the Secretary of State and the Attorney General to review, make recommendations, and submit certain reports, on or before certain dates, on charitable organizations that fail to pay a certain fee or file a certain report; providing for the effective dates of this Act; defining certain terms; making stylistic and conforming changes; clarifying language; and generally relating to the powers and duties of the Secretary of State and the Attorney General for charitable enforcement and protection of charitable assets.

BY repealing and reenacting, with amendments,
Article – Business Regulation
Section 6–205 and 6–206 to be under the amended subtitle "Subtitle 2. Powers and Duties of the Secretary of State and the Attorney General"; 6–302, 6–402(b), 6–407(b), 6–5A–02, and 6–621
Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

BY adding to
Article – Business Regulation
Section 6–2A–01 to be under the new subtitle "Subtitle 2A. Charitable Enforcement Fund"; 6–407(d), 6–622; and 6.5–101 through 6.5–103 to be under the new title "Title 6.5. Protection of Charitable Assets"
Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

BY repealing and reenacting, without amendments,
Article – Business Regulation
Section 6–402(a) and 6–407(a)
Annotated Code of Maryland
(2010 Replacement Volume and 2013 Supplement)

BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(i)
Annotated Code of Maryland
(2009 Replacement Volume and 2013 Supplement)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)76. and 77.
Annotated Code of Maryland

(2009 Replacement Volume and 2013 Supplement)

BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)78.
Annotated Code of Maryland
(2009 Replacement Volume and 2013 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Business Regulation

Subtitle 2. Powers and Duties of the Secretary of State **AND THE ATTORNEY GENERAL**.

6–205.

(a) (1) The Secretary of State or the **[**Secretary's designee**] ATTORNEY GENERAL** may investigate an alleged violation of this title.

(2) (i) In the course of any examination, investigation, or hearing, the Secretary of State **OR THE ATTORNEY GENERAL** may subpoena witnesses, administer oaths, examine an individual under oath, serve written interrogatories, and compel production of records, books, papers, and other documents.

(ii) **[**In the course of any examination, investigation, or hearing, the legal counsel for the Office of the Secretary of State may administer oaths and examine an individual under oath.

(iii)**]** Information obtained under this subsection is not admissible in a subsequent criminal proceeding against the person who provided the information.

(b) If the Secretary of State **OR THE ATTORNEY GENERAL** finds or has reasonable grounds to believe that a charitable organization, charitable representative, or public safety solicitor has violated this title, the Secretary of State **OR THE ATTORNEY GENERAL** may take **[**1**] ONE** or more of the following actions:

(1) by mediation with the apparent violators and any representatives they may choose to assist them, enter into a written assurance of discontinuance, written assurance of voluntary compliance, or other settlement agreement with the apparent violators, in accordance with subsection (c) of this section;

(2) summarily issue a cease and desist order to the violator, if the Secretary of State **OR THE ATTORNEY GENERAL**:

(i) finds that this title has been violated and that the public health, safety, or welfare requires emergency action; and

(ii) gives the violator written notice of the order, the reasons for the order, and the right of the violator to request a hearing under subsection (g) of this section; or

(3) refer the matter to**[**:

(i) the Attorney General for civil enforcement; or

(ii)**]** the appropriate State's Attorney for prosecution.

(c) A settlement agreement under subsection (b)(1) of this section may include one or more of the following stipulations or conditions:

(1) payment by the apparent violator of the cost of the investigation;

(2) payment by the apparent violator of civil penalties a court could order under this title;

(3) payment by the apparent violator of refunds to donors a court could order under this title;

(4) payment by the apparent violator of contributions received to charitable or public safety beneficiaries or for charitable or public safety purposes consistent with the beneficiaries named or purposes represented in the charitable or public safety solicitations which generated the contributions; or

(5) any other stipulation, condition, or remedy that will correct a violation of this title.

(d) An agreement under this section is for conciliation purposes only and does not constitute an admission by any party that the law has been violated.

(e) (1) It is a violation of this title to fail to adhere to any provision contained in a settlement agreement.

(2) A failure of the Secretary of State **OR THE ATTORNEY GENERAL** to enforce a violation of any provision of a settlement agreement does not constitute a waiver of that or any other provision, or of any right of the Secretary of State **OR THE ATTORNEY GENERAL**.

(f) **[**On referral by the Secretary of State, the**]** **THE** Attorney General may sue in the **[**Circuit Court for Anne Arundel County**]** **CIRCUIT COURT FOR THE COUNTY IN WHICH THE ALLEGED VIOLATION OCCURRED** for an order that:

(1) restrains further violation of this title;

(2) restrains the defendant from making further charitable or public safety solicitations in the State;

(3) except as provided under § 6–5A–11 of this title, recovers for the State a civil penalty not to exceed $5,000 for each willful violation of this title;

(4) except as provided under § 6–5A–11 of this title, recovers for the State a civil penalty not to exceed $3,000 for each grossly negligent violation of this title;

(5) enforces compliance with this title; or

(6) secures any other appropriate relief, including:

(i) refunds to donors; and

(ii) payment of the charitable or public safety contributions received by the solicitor to charitable or public safety purposes or beneficiaries consistent with the purposes represented or beneficiaries named in the charitable or public safety solicitations which generated the contributions.

(g) (1) If the Secretary of State **OR THE ATTORNEY GENERAL** issues a cease and desist order to a person, the person may request a hearing from the Secretary of State.

(2) Within 30 days after a request is submitted, the Secretary of State shall hold a hearing in accordance with Title 10, Subtitle 2 of the State Government Article.

6–206.

The Secretary of State **OR THE ATTORNEY GENERAL** may make reciprocal agreements with other states to:

(1) exchange information about charitable organizations or charitable representatives; or

(2) accept substantially similar information submitted to those states by charitable organizations or charitable representatives instead of the information required to be submitted under this title.

SUBTITLE 2A. CHARITABLE ENFORCEMENT FUND.

6–2A–01.

(A) IN THIS SUBTITLE, "FUND" MEANS THE CHARITABLE ENFORCEMENT FUND.

(B) THERE IS A CHARITABLE ENFORCEMENT FUND IN THE OFFICE OF THE SECRETARY OF STATE.

(C) THE PURPOSE OF THE FUND IS TO SUPPORT THE ACTIONS OF THE SECRETARY OF STATE AND THE ATTORNEY GENERAL IN ADMINISTERING AND ENFORCING THIS TITLE AND TITLE 6.5 OF THIS ARTICLE.

(D) THE SECRETARY OF STATE SHALL ADMINISTER THE FUND.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF:

(1) REVENUE DISTRIBUTED TO THE FUND UNDER §§ 6–302 AND 6–407 OF THIS TITLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(3) INVESTMENT EARNINGS; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(G) THE FUND MAY BE USED ONLY TO SUPPORT THE ACTIONS OF THE SECRETARY OF STATE AND THE ATTORNEY GENERAL IN CARRYING OUT THE DUTIES OF THE SECRETARY OF STATE AND THE ATTORNEY GENERAL UNDER THIS TITLE AND TITLE 6.5 OF THIS ARTICLE.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO THE FUND.

(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

6–302.

(a) An applicant for registration as a professional solicitor or fund–raising counsel shall:

(1) submit to the Secretary of State an application under oath on the form that the Secretary of State provides;

(2) **[**consent in writing to the jurisdiction and venue of the Circuit Court for Anne Arundel County in actions brought under this title;

(3)**]** pay to the Secretary of State an application fee of:

(i) **[**$200**] $250** for registration as a fund–raising counsel; or

(ii) **[**$300**] $350** for registration as a professional solicitor;

and

[(4)**] (3)** (i) certify that all taxes due from the applicant to the State or to Baltimore City or a county of the State during the preceding fiscal year have been paid, and all taxes the applicant was required to collect and pay over to the State or to Baltimore City or a county of the State during the preceding fiscal year have been collected and paid over; or

(ii) certify that the taxes due from the applicant to the State or to Baltimore City or a county are under dispute and the dispute has not been finally resolved.

(b) (1) An applicant for registration as a fund–raising counsel may register and pay a single application fee of **[**$200**] $250** to cover all of the applicant's officers, agents, members, and employees who work in fund–raising, if the applicant lists in the application the name and address of each of them.

(2) An applicant for registration as a professional solicitor may register and pay a single application fee of **[**$300**] $350** to cover all of the applicant's officers, agents, members, associate solicitors, and employees who work in fund–raising, if the applicant:

(i) lists in the application the name of each current officer, agent, member, associate solicitor, and employee who works in fund–raising; and

(ii) submits to the Secretary of State the name of each person within 10 days after the person starts employment.

(C) OF THE REVENUES COLLECTED FROM THE APPLICATION FEES UNDER SUBSECTIONS (A)(2) AND (B)(1) AND (2) OF THIS SECTION, $50 OF THE APPLICATION FEE PAID BY EACH FUND–RAISING COUNSEL AND PROFESSIONAL SOLICITOR SHALL BE DISTRIBUTED TO THE CHARITABLE ENFORCEMENT FUND UNDER SUBTITLE 2A OF THIS TITLE, TO BE USED ONLY TO SUPPORT THE ACTIONS OF THE SECRETARY OF STATE AND THE ATTORNEY GENERAL IN CARRYING OUT THE DUTIES OF THE SECRETARY OF STATE AND THE ATTORNEY GENERAL UNDER THIS TITLE AND TITLE 6.5 OF THIS ARTICLE.

6–402.

(a) A registration statement shall be on the form that the Secretary of State provides.

(b) Except as provided in subsection (c) of this section, the registration statement shall contain or be accompanied by:

(1) the name and address of the charitable organization and of any affiliate, branch, or chapter in the State;

(2) the name and address of:

(i) each officer, including each principal salaried executive staff officer, and each other person with final responsibility for the custody and final distribution of the charitable contributions made to the charitable organization; or

(ii) each person who has custody of the financial records of the charitable organization if the charitable organization does not have a local office in the State;

(3) a statement of:

(i) the purposes for which the charitable organization was organized;

(ii) the purposes for which charitable contributions will be used; and

(iii) whether the charitable organization intends to solicit directly or to have a professional solicitor or fund–raising counsel solicit charitable contributions on its behalf;

(4) **[**consent in writing to the jurisdiction and venue of the Circuit Court for Anne Arundel County in actions brought under this title;

(5)**]** a copy of the articles of incorporation or other governing instrument of the charitable organization;

[(6)**] (5)** a copy of a letter from the Internal Revenue Service, or other evidence, showing the tax–exempt status of the charitable organization;

[(7)**] (6)** (i) a copy of federal Form 990 that the charitable organization submits to the Internal Revenue Service; or

(ii) information that the charitable organization states on a form that the Secretary of State provides;

[(8)**] (7)** (i) an audit by an independent certified public accountant if the gross income from charitable contributions in the most recently completed fiscal year is at least $500,000; or

(ii) a review by an independent certified public accountant if the gross income from charitable contributions in the most recently completed fiscal year is at least $200,000 but less than $500,000;

[(9)**] (8)** an affidavit signed by the chairman, president, or other principal officer attesting to the truth of the registration statement and each supporting document;

[(10)**] (9)** (i) a certification that all taxes due from the applicant to the State or to Baltimore City or a county of the State for the preceding fiscal year have been paid, and all taxes the applicant was required to collect and pay over to the State or to Baltimore City or a county of the State for the preceding fiscal year have been collected and paid over; or

(ii) a certification that the taxes due from the applicant to the State or to Baltimore City or a county are under dispute and the dispute has not been finally resolved; and

[(11)**] (10)** any other information that the Secretary of State requires by regulation.

6–407.

(a) A charitable organization that collects less than $25,000 in charitable contributions from the public in a year need not pay an annual fee, except that, if the charitable organization uses a professional solicitor, it shall pay an annual fee of $50.

(b) (1) Each charitable organization that submits a separate registration statement and collects at least $25,000 in charitable contributions from the public in a year shall pay an annual fee based on the charitable contributions collected.

(2) The annual fee shall be:

(i) $50, if charitable contributions from the public are at least $25,000 but less than $50,001;

(ii) $75, if charitable contributions from the public are at least $50,001 but less than $75,001;

(iii) $100, if charitable contributions from the public are at least $75,001 but less than $100,001; **[**and**]**

(iv) $200, if charitable contributions from the public are at least $100,001**; AND**

(V) $300, IF CHARITABLE CONTRIBUTIONS FROM THE PUBLIC ARE AT LEAST $500,001.

(D) OF THE REVENUES COLLECTED FROM THE ANNUAL FEE UNDER SUBSECTION (B)(2)(V) OF THIS SECTION, $100 OF THE ANNUAL FEE PAID BY EACH CHARITABLE ORGANIZATION SHALL BE DISTRIBUTED TO THE CHARITABLE ENFORCEMENT FUND UNDER SUBTITLE 2A OF THIS TITLE, TO BE USED ONLY TO SUPPORT THE ACTIONS OF THE SECRETARY OF STATE AND THE ATTORNEY GENERAL IN CARRYING OUT THE DUTIES OF THE SECRETARY OF STATE AND THE ATTORNEY GENERAL UNDER THIS TITLE AND TITLE 6.5 OF THIS ARTICLE.

6–5A–02.

An applicant for registration as a public safety solicitor shall:

(1) submit to the Secretary of State an application under oath on the form the Secretary of State provides for each public safety organization on whose behalf the applicant is soliciting in the State;

(2) **[**consent in writing to the jurisdiction and venue of the Circuit Court for Anne Arundel County in actions brought under this title;

(3)**]** pay to the Secretary of State an application fee of $100 for registration as a public safety solicitor;

[(4)**] (3)** (i) certify that all taxes due from the applicant to the State or to Baltimore City or a county of the State during the preceding fiscal year have been paid, and all taxes the applicant was required to collect and pay over to the State or to Baltimore City or a county of the State during the preceding fiscal year have been collected and paid over; or

(ii) certify that the taxes due from the applicant to the State or to Baltimore City or a county are under dispute and the dispute has not been finally resolved; and

[(5)**] (4)** provide any other nonproprietary information that the Secretary of State requires by regulation.

6–621.

A television or radio broadcasting station or a publisher or printer of a newspaper, magazine, **WEB SITE,** or other form of **[**printed**]** advertising that broadcasts, publishes, or prints a charitable solicitation that violates this title is not liable for the violation, unless the station, publisher, or printer has knowledge that the charitable solicitation violates this title.

6–622.

A PERSON MAY NOT KNOWINGLY, WITH THE INTENT TO RETALIATE, TAKE ANY ACTION HARMFUL TO ANY INDIVIDUAL, INCLUDING INTERFERENCE WITH THE LAWFUL EMPLOYMENT OR LIVELIHOOD OF THE INDIVIDUAL, BECAUSE THE INDIVIDUAL PROVIDED TO A LAW ENFORCEMENT OFFICER, THE SECRETARY OF STATE, OR THE ATTORNEY GENERAL ANY TRUTHFUL INFORMATION RELATING TO THE COMMISSION OR POSSIBLE COMMISSION OF ANY FEDERAL OR STATE OFFENSE.

TITLE 6.5. PROTECTION OF CHARITABLE ASSETS.

6.5–101.

(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) (1) "CHARITABLE ASSET" MEANS PROPERTY THAT IS GIVEN, RECEIVED, OR HELD FOR A CHARITABLE PURPOSE, INCLUDING ALL INTEREST IN:

(I) REAL PROPERTY; OR

(II) TANGIBLE OR INTANGIBLE PERSONAL PROPERTY.

(2) "CHARITABLE ASSET" INCLUDES:

(I) CASH;

(II) REMAINDER INTERESTS;

(III) CONSERVATION OR PRESERVATION EASEMENTS OR RESTRICTIONS; AND

(IV) CHARITABLE CONTRIBUTIONS.

(3) "CHARITABLE ASSET" DOES NOT INCLUDE PROPERTY ACQUIRED OR HELD FOR A FOR–PROFIT PURPOSE.

(C) "CHARITABLE PURPOSE" MEANS THE RELIEF OF POVERTY, THE ADVANCEMENT OF EDUCATION OR RELIGION, THE PROMOTION OF HEALTH, THE PROMOTION OF A GOVERNMENTAL PURPOSE, OR ANY OTHER PURPOSE WHOSE ACHIEVEMENT IS BENEFICIAL TO THE COMMUNITY.

6.5–102.

(A) THE ATTORNEY GENERAL SHALL REPRESENT THE PUBLIC INTEREST IN THE PROTECTION OF CHARITABLE ASSETS AND MAY:

(1) ENFORCE THE APPLICATION OF A CHARITABLE ASSET IN ACCORDANCE WITH:

(I) THE LAW AND TERMS GOVERNING THE USE, MANAGEMENT, INVESTMENT, DISTRIBUTION, AND EXPENDITURE OF THE CHARITABLE ASSET; AND

(II) THE CHARITABLE PURPOSE OF THE PERSON HOLDING THE CHARITABLE ASSET;

(2) ACT TO PREVENT OR REMEDY:

(I) THE MISAPPLICATION, DIVERSION, OR WASTE OF A CHARITABLE ASSET; OR

(II) A BREACH OF FIDUCIARY OR OTHER LEGAL DUTY IN THE GOVERNANCE, MANAGEMENT, OR ADMINISTRATION OF A CHARITABLE ASSET; AND

(3) COMMENCE OR INTERVENE IN AN ACTION TO:

(I) PREVENT, REMEDY, OR OBTAIN DAMAGES FOR:

1. THE MISAPPLICATION, DIVERSION, OR WASTE OF A CHARITABLE ASSET; OR

2. A BREACH OF FIDUCIARY OR OTHER LEGAL DUTY IN THE GOVERNANCE, MANAGEMENT, OR ADMINISTRATION OF A CHARITABLE ASSET;

(II) ENFORCE THIS TITLE; OR

(III) DETERMINE THAT AN ASSET IS A CHARITABLE ASSET.

(B) IF THE ATTORNEY GENERAL HAS REASON TO BELIEVE AN INVESTIGATION IS NECESSARY TO DETERMINE WHETHER ACTION MAY BE ADVISABLE UNDER THIS SECTION, THE ATTORNEY GENERAL MAY CONDUCT AN INVESTIGATION, INCLUDING EXERCISING SUBPOENA POWER.

6.5–103.

(A) IF THE SECRETARY OF STATE OR THE ATTORNEY GENERAL FINDS OR HAS REASONABLE GROUNDS TO BELIEVE THAT A CHARITABLE ORGANIZATION, CHARITABLE REPRESENTATIVE, OR PUBLIC SAFETY SOLICITOR HAS MISAPPLIED, DIVERTED, OR WASTED A CHARITABLE ASSET OR BREACHED A FIDUCIARY OR OTHER LEGAL DUTY IN THE GOVERNANCE, MANAGEMENT, OR ADMINISTRATION OF A CHARITABLE ASSET, THE SECRETARY OF STATE OR THE ATTORNEY GENERAL MAY ENTER INTO A SETTLEMENT AGREEMENT THAT INCLUDES:

(1) PAYMENT BY THE RESPONSIBLE PARTY OF THE VALUE BY WHICH THE CHARITABLE ASSET HAS BEEN DIMINISHED; OR

(2) TRANSFER OF THE CHARITABLE ASSET TO ANOTHER CHARITABLE ORGANIZATION CONSISTENT WITH THE CHARITABLE ASSET'S CHARITABLE PURPOSE.

(B) THE ATTORNEY GENERAL MAY SUE IN THE CIRCUIT COURT FOR THE COUNTY IN WHICH THE ALLEGED VIOLATION OCCURRED FOR AN ORDER THAT:

(1) RESTRAINS THE RESPONSIBLE PARTY FROM MISAPPLYING, DIVERTING, OR WASTING A CHARITABLE ASSET IN THE STATE; AND

(2) SECURES:

(I) PAYMENT OF THE VALUE BY WHICH THE CHARITABLE ASSET HAS BEEN DIMINISHED; OR

(II) TRANSFER OF THE CHARITABLE ASSET TO ANOTHER CHARITABLE ORGANIZATION CONSISTENT WITH THE CHARITABLE ASSET'S CHARITABLE PURPOSE.

(C) THE REMEDIES UNDER THIS SECTION ARE IN ADDITION TO AND DO NOT LIMIT THE POWERS AND DUTIES OF THE SECRETARY OF STATE AND THE ATTORNEY GENERAL UNDER § 6–205 OF THIS ARTICLE.

Article – State Finance and Procurement

6–226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

76. the Baltimore City Public School Construction Financing Fund; **[**and**]**

77. the Spay/Neuter Fund**; AND**

78. THE CHARITABLE ENFORCEMENT FUND.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) On or before July 1, 2014, the Secretary of State and the Attorney General, or their designees, shall jointly convene and cochair a workgroup to study:

(1) the information that should be reported to the Secretary of State by charitable organizations, charitable representatives, and fund–raising counsel; and

(2) how the information specified in item (1) of this subsection:

(i) can be most effectively and efficiently collected without imposing an unnecessary burden on those subject to reporting; and

(ii) should be shared within and among government agencies or made publicly available to promote the goals of:

1. protecting the public from unscrupulous solicitations and fraud; and

2. facilitating the prevention and correction of any misuse or misapplication of charitable assets.

(b) The workgroup shall include representatives of:

(1) associations of foundations, nonprofit organizations, and professional fund–raisers and fund–raising counsels in the State;

(2) the federal Internal Revenue Service;

(3) the National Association of State Charities Officials;

(4) the Maryland State Bar Association;

(5) the Maryland Association of Certified Public Accountants; and

(6) the general public.

(c) The Secretary of State and the Attorney General shall submit an interim report on the workgroup study, including any findings and recommendations, to the Governor and, subject to § 2–1246 of the State Government Article, the General Assembly on or before December 1, 2014, and a final report on or before July 1, 2015.

SECTION 3. AND BE IT FURTHER ENACTED, That the Secretary of State and the Attorney General jointly shall:

(1) review the number of and penalties imposed on charitable organizations that fail to pay an annual fee or file an annual report;

(2) make recommendations for ways to bring the charitable organizations that fail to pay an annual fee or file an annual report into compliance; and

(3) submit an interim report on or before December 1, 2014, and a final report on or before December 1, 2015, to the Governor and, in accordance with § 2–1246 of the State Government Article, the General Assembly regarding their findings and recommendations.

SECTION 4. AND BE IT FURTHER ENACTED, That Sections 2 and 3 of this Act shall take effect June 1, 2014.

SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in Section 4 of this Act, this Act shall take effect October 1, 2014.