

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1182
Economic Matters

(Delegate Sydnor)

Judicial Proceedings

Charitable Organizations and Representatives - Fund-Raising Counsel -
Definition

This bill alters the definition of “fund-raising counsel” to exclude a person who is engaged as an independent contractor directly by a charitable organization and who meets specified requirements.

Fiscal Summary

State Effect: State finances and operations are not materially affected, as discussed below.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Fund-raising counsel” does not include a person who is engaged as an independent contractor directly by a charitable organization and who:

- prints, reproduces, or distributes written materials prepared by a charitable organization;
- performs artistic or graphic services relating to written materials prepared by a charitable organization or an employee of the organization; or

- is regularly and primarily engaged in the planning and organizing of meetings, social events, or other similar activities, but who does not solicit charitable contributions as part of the person's services.

Current Law: A person must have applied to register appropriately with the Secretary of State (SOS) whenever the person acts as an associate solicitor, a professional solicitor, or a fund-raising counsel. "Fund-raising counsel" means a person who, for pay, advises a charitable organization about a charitable solicitation in Maryland or holds, plans, or manages a charitable solicitation in Maryland, but does not directly solicit or receive charitable contributions from the public. Fund-raising counsel does not include:

- an attorney because of giving legal advice;
- an attorney, investment counselor, or banker because of advising a client or customer to contribute to a charitable organization;
- a salaried officer or employee of a charitable organization that keeps a permanent office in the State; or
- a person who prepares a grant proposal for submission to a specific charitable organization, corporation, or foundation.

An applicant for registration as a fund-raising counsel must submit an application under oath to SOS and pay an application fee of \$250 for registration, among other requirements. The applicant may register and pay a single application fee of \$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. A registration must be renewed annually.

Of the revenues collected from the application fee, \$50 is distributed to the Charitable Enforcement Fund to be used only to support the actions of SOS and the Attorney General in carrying out their respective duties related to the regulation of charitable organizations. The remainder is paid to the general fund.

Background: In fiscal 2014, the most recent information available, there were approximately 300 persons registered as fund-raising counsel.

State Revenues: The Secretary of State did not respond to requests for information for this fiscal and policy note. Most of the revenues from fund-raising counsel application fees are distributed to the general fund, except that \$50 of the total fee is distributed to the Charitable Enforcement Fund. Therefore, to the extent that the bill results in fewer applications for registration as fund-raising counsel, general and special fund revenues decrease. However, as the total number of fund-raising counsels is minimal (there were approximately 300 in fiscal 2014), any reduction in the number of applications for

registration is not anticipated to materially affect State finances. It is not anticipated that a substantial number of fund-raising counsels who are currently registered satisfy the exemption criteria in the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2016
md/mcr

Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510