

# Community Foundation

OF THE EASTERN SHORE

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**ACCREDITED  
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Confirmed in Compliance with  
Community Foundations  
National Standards

**January 10, 2025**

## **Testimony on Senate Bill 184**

### **Charitable Organizations - Late Fees and Registration – Suspension and Cancellation Requirements Senate Judicial Proceedings Committee**

#### **Position: Favorable**

The Community Foundation of the Eastern Shore serves the counties of Somerset, Wicomico and Worcester. We urge you to support Senate Bill 184 authorizing the Secretary of State to issue regulations that allow them to exercise flexibility in enforcement actions for late or missing registrations or payments.

Most nonprofits in Maryland, and our service area, are led by part-time or volunteer staff, with governing boards comprised of unpaid volunteers. Through our due diligence process for grantmaking, we review the federal and state level status of each nonprofit we support.

Usually when we identify a nonprofit that has fallen behind in required state filings, it is the result of unintentional error or a lack of full understanding of these requirements. We work diligently to help local nonprofits understand their compliance responsibilities but transitions in leadership can also make it difficult to have a consistent transfer of knowledge.

It is not uncommon in smaller organizations for one person to help manage compliance paperwork and processes for a considerable time. If they leave, pass away, or become incapacitated, without transferring records it is not uncommon for there to be some delay in other members being able to fully understand the next steps.

Also, the requirements themselves can be confusing for individuals without adequate background. They sometimes feel that filing the required federal annual 990 and their Maryland 'Annual Report' with SDAT is all that's required.

Some groups go dormant for months or years without activity and newer members seeking to re-activate it find that records are incomplete or missing, and that there are numerous unpaid fees and unfiled reports. The current practice of the Secretary of State's Office, to prioritize obtaining compliance rather than penalties, is more appropriate in many of these situations than a referral to the CCU where fines and penalties can balloon to a level that leads to abandonment of an otherwise worthwhile effort. Senate Bill 184 does not preclude the Secretary's Office from the option of pursuing forced collection or penalties in cases where it is deemed appropriate.

**We urge you to give Senate Bill 184 a FAVORABLE report.**

Erica Joseph, President