

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 1018 (Chairman, Economic Matters Committee)
(Departmental - Secretary of State)

Economic Matters

Maryland Solicitations Act

This departmental bill generally relates to the Maryland Solicitations Act.

Fiscal Summary

State Effect: Indeterminate increase in general fund revenues from late fees and public safety solicitor registration fees. Any additional workload for the Office of the Secretary of State could be handled with existing resources.

Local Effect: None.

Small Business Effect: The Secretary of State has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Fiscal Analysis

Bill Summary: The bill provides that a “charitable contribution” does not include a “public safety contribution.” A public safety contribution means a contribution used for a fire fighting ambulance, rescue, police, fraternal, or other law enforcement organization. The bill provides that the Act applies to a “public safety solicitor” who is employed by a volunteer organization of firefighters or rescue or ambulance personnel. A public safety solicitor generally means a person who, for pay, solicits or receives public safety contributions. The bill assesses a \$25 monthly late fee on charitable organizations that fail to timely file an annual report. The bill clarifies that an exempt organization is only exempt from the registration and disclosure requirements of the Act but would be subject to the remaining

provisions.

The bill requires public safety solicitors to register annually with the Secretary of State, pay an application fee of \$100, and submit a \$25,000 bond or irrevocable letter of credit. A public safety solicitor must include specified information in all written solicitation and receipts for public safety contributions. A public safety solicitor may not solicit public safety contributions unless the script of an oral solicitation and a copy of a written solicitation have been approved by the public safety organization on whose behalf the public safety contribution is solicited. The script must include specified information and must be made available to the Secretary of State on request.

A public safety solicitor may not: (1) falsely state, imply, or mislead a solicited person that the solicitor is a law enforcement employee or member; (2) send a courier or messenger to personally pick up a public safety contribution unless the solicitation is made in person and the collection is made at the time of solicitation or the contributor has agreed to purchase goods in connection with the solicitation and the collection is made at the time of delivery of the goods; (3) solicit using a name other than the full legal name of the public safety organization on whose behalf the public safety contribution is solicited; or (4) promise or imply that the individual or business being solicited will receive any additional law enforcement services by a law enforcement organization or employee as a result of a pledge or refusal to make a public safety contribution.

A person that solicits public safety contributions without prior application for registration is guilty of a misdemeanor and subject to a fine not exceeding ten times the value of the total amount of funds improperly solicited and/or imprisonment not exceeding one year. Violators are prohibited from acting as public safety solicitors for ten years and must refund all improperly solicited contributions to the donors.

A person who willfully violates the bill's provisions is guilty of a misdemeanor and is subject to a fine not exceeding three times the value of the total gross amount of funds solicited and/or imprisonment not exceeding one year. A person who commits a grossly negligent violation of the bill's provisions is guilty of a misdemeanor and is subject to a fine not exceeding the gross amount of funds solicited by the public safety solicitor and/or liability for restitution that the court determines. Violators must also forfeit the bond to the Secretary of State.

Beginning in fiscal 2001, the bill requires the Governor to include funds in the budget for the Charitable Giving Information Program which are at least one-half of the amount of late fees collected during the preceding fiscal year.

State Effect: General fund revenues would increase from late fees and public safety solicitor registration fees.

Late fees: The bill assesses a \$25 late fee on a charitable organization that has not submitted renewal information within 60 days of the renewal date or the extension date granted by the Secretary of State. As of February 1999 there were:

- 4,341 registered organizations;
- 3,261 organizations that were current with their registration;
- 319 organizations that were granted an extension on their registration due date; and
- 661 organizations that were delinquent with their registration.

If all 661 delinquent organizations do not file within the 60-day grace period, general fund revenues would increase by \$16,500. Likewise, if 50% of total delinquent organizations do not file within the 60-day grace period, general fund revenues would increase by \$8,300. Of course, if all delinquent organizations file within the grace period, general fund revenues would not be affected.

Beginning in fiscal 2001, the bill requires the Governor to include funds in the budget for the Charitable Giving Information Program which are at least one-half of the amount of late fees collected during the preceding fiscal year.

Public safety solicitor registration fees: The bill requires public safety solicitors to register with the Office of the Secretary of State and to pay a \$100 registration fee. However, the Department of Legislative Services has not been provided with any information on which to base an estimate on the number of public safety solicitors in Maryland. Thus, general fund revenues would increase by an indeterminate amount.

Information Source: Secretary of State

Fiscal Note History: First Reader - March 12, 1999

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