

## Chapter 380

**(Senate Bill 254)**

AN ACT concerning

**Business Regulation – Charitable ~~Contribution~~ – ~~Definition~~ Organizations**

FOR the purpose of altering the definition of “charitable contribution” to exclude ~~donations of property made with a certain intent and~~ an authorization for or a discount on the use of certain services or materials, equipment, or facilities for purposes of provisions of law regulating charitable organizations and charitable representatives; authorizing the Maryland Secretary of State to accept certain documentation in place of an audit or review in connection with a charitable organization’s registration statement; and generally relating to charitable ~~contributions~~ organizations.

BY repealing and reenacting, without amendments,  
 Article – Business Regulation  
 Section 6–101(a)  
 Annotated Code of Maryland  
 (2015 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,  
 Article – Business Regulation  
 Section 6–101(c) and 6–402  
 Annotated Code of Maryland  
 (2015 Replacement Volume and 2022 Supplement)

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

**Article – Business Regulation**

6–101.

(a) In this title the following words have the meanings indicated.

(c) (1) “Charitable contribution” means a contribution made on a representation that it will be used for a charitable purpose.

(2) “Charitable contribution” includes the payment, transfer, or enforceable pledge of financial help, including money, credit, property, or services.

(3) “Charitable contribution” does not include:

(i) an unsolicited gift;

(ii) a government grant or government money;

(iii) membership assessments, dues, or fines;

(iv) a payment for property sold or services rendered by a charitable organization, unless the property is sold or the services are rendered in connection with a charitable solicitation; [and]

(v) a public safety contribution as defined in subsection (j) of this section; AND

~~(VI) A DONATION OF PROPERTY THAT IS INTENDED TO BE REDISTRIBUTED WITHOUT CHARGE FOR A BENEVOLENT, EDUCATIONAL, ELEMOSYNARY, HUMANE, PATRIOTIC, PHILANTHROPIC, OR RELIGIOUS PURPOSE; AND~~

~~(VII) AN AUTHORIZATION FOR OR A DISCOUNT ON THE USE OF SERVICES OR MATERIALS, EQUIPMENT, OR FACILITIES, INCLUDING THOSE RELATING TO:~~

1. ADVERTISING; AND

2. BROADCAST AIRTIME, INCLUDING PUBLIC SERVICE ANNOUNCEMENTS.

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) a copy of the articles of incorporation or other governing instrument of the charitable organization;
- (5) a copy of a letter from the Internal Revenue Service, or other evidence, showing the tax-exempt status of the charitable organization;
- (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;
- (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 \$750,000; 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 \$300,000 but less than \$750,000;
- (8) an affidavit signed by the chairman, president, or other principal officer attesting to the truth of the registration statement and each supporting document;
- (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

(10) any other information that the Secretary of State requires by regulation.

(c) The Secretary of State may accept other documentation in place of any item required under subsection (b) of this section, INCLUDING, IN PLACE OF THE AUDIT OR REVIEW REQUIRED BY SUBSECTION (B)(7) OF THIS SECTION, SUPPORTING DOCUMENTS INDICATING, AND AN AFFIDAVIT ATTESTING, THAT:

(1) THE CHARITABLE ORGANIZATION:

(I) PRIMARILY SOLICITS IN-KIND CONTRIBUTIONS;

(II) RECEIVES DONATIONS OF PROPERTY, INCLUDING HOUSEHOLD GOODS, FURNITURE, APPLIANCES, AND CLOTHING, THAT ARE INTENDED TO BE REDISTRIBUTED TO INDIVIDUALS RESIDING IN THE STATE WITHOUT CHARGE;

(III) DOES NOT EMPLOY A PROFESSIONAL SOLICITOR OR FUND-RAISING COUNSEL;

(IV) USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO DETERMINE THE VALUE OF PROPERTY RECEIVED AS CHARITABLE CONTRIBUTIONS DURING THE IMMEDIATELY PRECEDING FISCAL YEAR;

(V) HAS CASH RECEIPTS FROM CHARITABLE CONTRIBUTIONS NOT EXCEEDING \$300,000 AND AMOUNTING TO 20% OR LESS OF THE CHARITABLE ORGANIZATION'S GROSS INCOME DURING THE IMMEDIATELY PRECEDING FISCAL YEAR THAT ARE USED FOR PROGRAM SERVICES OR MANAGEMENT AND GENERAL EXPENSES OF THE CHARITABLE ORGANIZATION, AS SET FORTH UNDER COMAR 01.02.04.04.A AND C;

(VI) IS CURRENT AND UP TO DATE IN ALL REGISTRATION AND REPORTING REQUIREMENTS UNDER THIS TITLE;

(VII) IS IN GOOD STANDING WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION, IF APPLICABLE; AND

(VIII) HAS TAX-EXEMPT STATUS UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE;

(2) THE CHARITABLE CONTRIBUTIONS OF PROPERTY ARE:

(I) DIRECTLY RELATED TO THE PURPOSES FOR WHICH THE CHARITABLE ORGANIZATION WAS ORGANIZED; AND

(II) WILL BE USED IN CONDUCTING THE CHARITABLE ORGANIZATION'S PROGRAMS; AND

(3) THE GOVERNING BODY OF THE CHARITABLE ORGANIZATION:

(I) IS COMPOSED OF AT LEAST THREE INDEPENDENT AND UNRELATED DIRECTORS; AND

(II) COMPLETED AN ONBOARDING AND TRAINING PROGRAM DURING THE IMMEDIATELY PRECEDING FISCAL YEAR, PROVIDED INTERNALLY OR EXTERNALLY, THAT COVERED:

1. THE CHARITABLE ORGANIZATION'S MISSION;

2. THE POLICIES, PROCEDURES, AND OPERATIONS OF THE CHARITABLE ORGANIZATION; AND

3. THE DUTIES AND RESPONSIBILITIES OF DIRECTORS AND OFFICERS AS FIDUCIARIES OF THE CHARITABLE CONTRIBUTIONS THAT THE CHARITABLE ORGANIZATION COLLECTS AND SPENDS.

(d) The Secretary of State may require an audit or review if the amount of gross income is less than \$750,000.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2023.

Approved by the Governor, May 3, 2023.