

SENATE BILL 262

C2

(PRE-FILED)

4lr0347
CF 4lr0348

By: **Chair, Judicial Proceedings Committee (By Request – Departmental – Secretary of State)**

Requested: September 15, 2023

Introduced and read first time: January 10, 2024

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Charitable Organizations – Late Fees and Registration – Suspension and**
3 **Cancellation Requirements**

4 FOR the purpose of authorizing the Secretary of State to suspend payment of certain late
5 fees assessed to certain charitable organizations under certain circumstances;
6 authorizing the Secretary of State to cancel a charitable organization's registration
7 or reinstate a charitable organization's canceled registration under certain
8 circumstances; and generally relating to the regulation of charitable organizations
9 by the Secretary of State.

10 BY repealing and reenacting, with amendments,
11 Article – Business Regulation
12 Section 6–407
13 Annotated Code of Maryland
14 (2015 Replacement Volume and 2023 Supplement)

15 BY repealing and reenacting, without amendments,
16 Article – Business Regulation
17 Section 6–417
18 Annotated Code of Maryland
19 (2015 Replacement Volume and 2023 Supplement)

20 BY adding to
21 Article – Business Regulation
22 Section 6–418
23 Annotated Code of Maryland
24 (2015 Replacement Volume and 2023 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 That the Laws of Maryland read as follows:

2 **Article – Business Regulation**

3 6–407.

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

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

10 (2) The annual fee shall be:

11 (i) \$50, if charitable contributions from the public are at least
12 \$25,000 but less than \$50,001;

13 (ii) \$75, if charitable contributions from the public are at least
14 \$50,001 but less than \$75,001;

15 (iii) \$100, if charitable contributions from the public are at least
16 \$75,001 but less than \$100,001;

17 (iv) \$200, if charitable contributions from the public are at least
18 \$100,001 but less than \$500,001; and

19 (v) \$300, if charitable contributions from the public are at least
20 \$500,001.

21 (c) (1) **[An] A CHARITABLE** organization failing to file an annual report
22 either by the end of the 6–month period after the end of the charitable organization’s fiscal
23 year or within any period of extension granted shall pay, in addition to the annual fee, \$25
24 for each month or part thereof after the date on which the annual report was due to be filed
25 or after the period of extension granted for such filing.

26 (2) The late fee shall be assessed 60 days after:

27 (i) the end of the 6th month after the end of the fiscal year; or

28 (ii) the period of extension.

29 (3) Failure to remit an assessed late fee is a violation of this title.

30 **(4) THE SECRETARY OF STATE MAY SUSPEND OR WAIVE THE**
31 **IMPOSITION OR COLLECTION OF LATE FEES IN ACCORDANCE WITH:**

1 **(I) REGULATIONS ADOPTED UNDER SUBSECTION (F) OF THIS**
2 **SECTION; OR**

3 **(II) A SETTLEMENT AGREEMENT MADE UNDER § 6-205(B) AND**
4 **(C) OF THIS TITLE.**

5 (d) The following revenues shall be distributed to the Charitable Enforcement
6 Fund under Subtitle 2A of this title, to be used only to support the actions of the Secretary
7 of State and the Attorney General in carrying out the duties of the Secretary of State and
8 the Attorney General under this title and Title 6.5 of this article:

9 (1) \$100 of the annual fee paid by each charitable organization under
10 subsection (b)(2)(v) of this section; and

11 (2) the late fees collected under subsection (c) of this section.

12 **(E) A LATE FEE ASSESSED UNDER THIS SECTION MAY NOT BE CONSIDERED**
13 **A DELINQUENT ACCOUNT OR DEBT REQUIRING REFERRAL TO THE CENTRAL**
14 **COLLECTION UNIT FOR COLLECTION PURPOSES UNDER § 3-302 OF THE STATE**
15 **FINANCE AND PROCUREMENT ARTICLE.**

16 **(F) THE SECRETARY OF STATE MAY ADOPT REGULATIONS REGARDING THE**
17 **SUSPENSION OR WAIVER OF THE IMPOSITION OR COLLECTION OF LATE FEES FOR**
18 **CHARITABLE ORGANIZATIONS THAT FAIL TO FILE AN ANNUAL REPORT UNDER**
19 **SUBSECTION (C) OF THIS SECTION.**

20 6-417.

21 A charitable organization that intends to end soliciting shall submit to the Secretary
22 of State:

23 (1) a statement of its intent; and

24 (2) a final annual report within 6 months after the end of its fiscal year.

25 **6-418.**

26 **(A) THE SECRETARY OF STATE MAY CANCEL THE REGISTRATION OF A**
27 **CHARITABLE ORGANIZATION IF:**

28 **(1) THE ORGANIZATION FAILED TO SUBMIT:**

29 **(I) A STATEMENT OF INTENT AND FINAL ANNUAL REPORT**
30 **UNDER § 6-417 OF THIS SUBTITLE WITHIN 3 YEARS AFTER THE DATE THE**

1 STATEMENT OF INTENT AND FINAL ANNUAL REPORT WERE DUE; OR

2 (II) ANY ANNUAL REPORT OR UPDATES REQUIRED UNDER §
3 6-408 OF THIS SUBTITLE FOR A 3-YEAR PERIOD; AND

4 (2) THE SECRETARY OF STATE SENDS A NOTICE OF CANCELLATION
5 TO THE LAST KNOWN ADDRESS AND E-MAIL ADDRESS OF THE ORGANIZATION.

6 (B) A CHARITABLE ORGANIZATION MAY REQUEST THAT THE SECRETARY OF
7 STATE REINSTATE A REGISTRATION CANCELED UNDER SUBSECTION (A) OF THIS
8 SECTION IF THE ORGANIZATION:

9 (1) SUBMITS TO THE SECRETARY OF STATE ANY OUTSTANDING OR
10 MISSING ANNUAL REPORTS, SUPPORTING MATERIALS, AND ANNUAL FEES
11 REQUIRED UNDER THIS TITLE;

12 (2) (I) REMITS ALL UNPAID LATE FEES; OR

13 (II) HAD LATE FEES SUSPENDED OR WAIVED IN ACCORDANCE
14 WITH § 6-407(C) OF THIS SUBTITLE;

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

17 (4) HAS A CURRENT TAX-EXEMPT STATUS UNDER § 501(C)(3) OF THE
18 INTERNAL REVENUE CODE, IF APPLICABLE; AND

19 (5) PROVIDES ANY OTHER INFORMATION THAT THE SECRETARY OF
20 STATE REQUIRES.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
22 1, 2024.