

# SENATE BILL 262

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(PRE-FILED)

4lr0347  
CF 4lr0348

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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

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 10, 2024

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## CHAPTER \_\_\_\_\_

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

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – Business Regulation  
2 Section 6–418  
3 Annotated Code of Maryland  
4 (2015 Replacement Volume and 2023 Supplement)

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

7 **Article – Business Regulation**

8 6–407.

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

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

15 (2) The annual fee shall be:

16 (i) \$50, if charitable contributions from the public are at least  
17 \$25,000 but less than \$50,001;

18 (ii) \$75, if charitable contributions from the public are at least  
19 \$50,001 but less than \$75,001;

20 (iii) \$100, if charitable contributions from the public are at least  
21 \$75,001 but less than \$100,001;

22 (iv) \$200, if charitable contributions from the public are at least  
23 \$100,001 but less than \$500,001; and

24 (v) \$300, if charitable contributions from the public are at least  
25 \$500,001.

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

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

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

1 (ii) the period of extension.

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

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

5 (I) **REGULATIONS ADOPTED UNDER SUBSECTION (F) OF THIS**  
6 **SECTION; OR**

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

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

13 (1) \$100 of the annual fee paid by each charitable organization under  
14 subsection (b)(2)(v) of this section; and

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

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

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

24 6-417.

25 A charitable organization that intends to end soliciting shall submit to the Secretary  
26 of State:

27 (1) a statement of its intent; and

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

29 6-418.

30 (A) **THE SECRETARY OF STATE MAY CANCEL THE REGISTRATION OF A**

1 CHARITABLE ORGANIZATION IF:

2 (1) THE ORGANIZATION FAILED TO SUBMIT:

3 (I) A STATEMENT OF INTENT AND FINAL ANNUAL REPORT  
4 UNDER § 6-417 OF THIS SUBTITLE WITHIN 3 YEARS AFTER THE DATE THE  
5 STATEMENT OF INTENT AND FINAL ANNUAL REPORT WERE DUE; OR

6 (II) ANY ANNUAL REPORT OR UPDATES REQUIRED UNDER §  
7 6-408 OF THIS SUBTITLE FOR A 3-YEAR PERIOD; AND

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

10 (B) A CHARITABLE ORGANIZATION MAY REQUEST THAT THE SECRETARY OF  
11 STATE REINSTATE A REGISTRATION CANCELED UNDER SUBSECTION (A) OF THIS  
12 SECTION IF THE ORGANIZATION:

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

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

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

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

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

23 (5) PROVIDES ANY OTHER INFORMATION THAT THE SECRETARY OF  
24 STATE REQUIRES.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
26 1, 2024.