

February 2, 2022

Statement on Senate Bill 125  
Revival of Nonstock and Religious Corporations  
Senate Judicial proceedings Committee

Position: **Support**

Maryland Nonprofits is a statewide association of more than 1300 nonprofit organizations and institutions. We strongly urge you to support Senate Bill 125 to ease the bureaucratic administrative burdens placed on many organizations seeking to renew their nonstock corporate status in Maryland.

Presently, nonstock and religious corporations that fail to file annual reports must submit all annual reports required to be filed by the corporation or which would have been required if the charter had not been forfeited. This can present an undue burden on nonstock and religious organizations that commonly fail to file through administrative oversight.

Often, the failure to file is associated with organizations that operate with modest budgets or no staff or professional compliance support. Some of these failures occur with all-volunteer organizations, where record-keeping and filings lapse after the departure or death of the responsible officer, sometimes leading to a loss of organizational records. One professional assisting an organization with its dissolution shared with us that he was required to do 27 years of back filings prior to dissolving that organization.

Requiring annual reports for all missing years may require re-creation of numerous reports that in any case are going to show low or no income and expenses. Reaching back beyond a certain number of years does not provide information about the corporation's current health or likelihood of survival and only serves to exhaust limited resources to correct an administrative error.

We urge you to give Senate Bill 125 a favorable report.