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January 22, 2025

TO: The Honorable C.T. Wilson
Chair, Economic Matters Committee

FROM: Tiffany Clark
Chief, Legislative Affairs, Office of the Attorney General

RE: House Bill 239– Charitable Organizations - Late Fees and Registration -
Suspension and Cancellation Requirements- **Support**

The Office of the Attorney General requests a favorable report of Senate Bill 184. This bill will clarify existing statutory authority for the Secretary of State or the Attorney General to settle late fee violations with charitable organizations who fail to timely file annual reports and disclosures, and it follows the current practice of how the Secretary of State resolves late fee violations. It is not intended to create or modify the existing responsibilities of the Office of the Secretary of State, beyond allowing for the cancellation of registrations for long-term non-compliant charitable organizations.

Under the Maryland Solicitations Act, the Secretary ‘assesses’ late fees (Bus. Reg. § 6-407(c)(2)), while late filing charitable organizations have the affirmative duty to “remit” the late fees (Bus. Reg. § 6-407(c)(3)). The Office of the Secretary of State has interpreted this to allow for the suspension of late fees in settlement, particularly when charitable organizations have made good faith and substantial efforts to return to compliance after falling behind with their disclosures. The goal behind suspending late fees is to incentivize charities to make the required public disclosures and maintain compliance with the law’s annual filing requirements.

The legislation informs the Office of the Attorney General’s ability to resolve registration violations on behalf of the Secretary of State when these matters are referred to our office. Further, the proposed cancellation provision will improve the Office of the Attorney General’s ability to serve the Secretary of State when working with charities returning to compliance, as well as better inform and educate the public on the registration status of charitable organizations that fail to file timely annual reports. This legislation will also allow the Secretary of State to better inform the

public about the charities authorized to solicit in Maryland and support those charitable organizations that have made substantial and good faith efforts to return to compliance. For the foregoing reasons the Office of the Attorney General requests a favorable report on Senate Bill 184.

CC: Judicial Proceedings Committee Members