

CORPORATE PRACTICE GROUP ADVISORY

Attorney General's Office Proposes Amendments to Public Charities Law

The Office of the Massachusetts Attorney General recently filed a bill with the Massachusetts Legislature seeking to amend regulations pertaining to public charities. The legislation¹, "An Act to Update Public Charities Law" (the "Act"), represents a continued effort by the Massachusetts Government to curb abuses by public charities. The following is an overview of the significant amendments contained within the Act:

- Public charities will be required to pay a one-time initial registration fee of \$100 when registering with the Public Charities Division of the Massachusetts Attorney General's Office;
- If a public charity fails to comply with the filing requirements for public charities under General Laws Chapter 12, Section 8E, it will be subject to a penalty of \$50 per day up to a maximum penalty of \$10,000;
- The filing fee for required annual reports with the Massachusetts Attorney General's Office will be increased for public charities with gross revenue of \$1 million or more during the fiscal year. The increase will be as follows: (1) \$500 for annual revenues between \$1 and \$10 million; (2) \$1,000 for annual revenues between \$10 million and \$100 million; and (3) \$2,000 for annual revenues of more than \$100 million;
- A public charity which fails to submit an annual report pursuant to General Laws Chapter 12, Section 8F will be subject to a penalty of \$50 per day up to a maximum penalty of \$10,000; and
- The dissolution of a public charity with no net assets will be able to be accomplished by a vote of a majority of the organization's board of directors and a filing of notice with the Public Charities Division of the Massachusetts Attorney General's Office.

It is unclear as to when the Legislature will take action with respect to the Act, if at all. Former Attorney General Tom Reilly filed similar legislation several years ago that never made it out of a legislative committee. Although the changes in the Act are not as sweeping as

¹ House Docket, No. 2213. A copy of the Act can be found at:
<http://www.therogerslawfirm.com/documents/An.Act.to.update.public.charities.law.pdf>.

those proposed by Attorney General Reilly, it remains to be seen as to whether the Legislature will be interested in taking action which could financially hurt some public charities during the current financial crisis.

The Rogers Law Firm will continue to monitor the Act and provide updates accordingly. In the meantime, if you have any questions or concerns about the legislation or the current regulatory obligations of public charities in Massachusetts, please do not hesitate to contact any of the attorneys at The Rogers Law Firm.

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