

**STATE OF MARYLAND**

**EXECUTIVE DEPARTMENT**

**WES MOORE**

**GOVERNOR**

**ARUNA MILLER**

**LT. GOVERNOR**



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Fiscal Year 2027 Operating Budget

Response to Department of Legislative Services Analysis

House Appropriations Committee

Public Safety and Administration Subcommittee

Delegate Acevero

January 29, 2026

Senate Budget and Taxation Committee

Health and Human Services Subcommittee

Senator McCray

January 30<sup>th</sup>, 2026

Thank you for inviting me to be with you today. As always, it is a privilege to speak before the General Assembly. I appreciate the opportunity to be here representing the Office of the Secretary of State and our budget for Fiscal Year 2027. We are a relatively small agency with many important, and varied functions that we perform for the state government and Maryland citizens. Some key highlights follow:

- The OSOS FY27 allowance from the General Fund is \$3,908,919.
- The OSOS also is authorized to spend \$2,166,788 from its Special Funds to support our personnel costs and other operations.
- The total amount that the OSOS is allowed to spend in FY26 is \$6,075,707.

- The net outlay for the agency is approximately \$2 million a year, after accounting for revenue we generate through fees paid for services and products.
- The OSOS has typically received over \$4 million in payments for certain registration fees and for products and services we provide to our constituents. This is expected to continue in FY27.
- Of the over \$4 million in payments received by the OSOS, approximately \$2 million go into the Special Funds to be spent on the OSOS's personnel and operations.
- The remaining \$2 million in payments received by the OSOS is transferred to the State's General Fund.
- The \$6,075,707 that the OSOS is allowed to spend in FY27 from the General Fund and the Special Funds are used to support 29 regular full-time employees, six contractual employees, and all other operating costs, including payments for services to DoIT and for outside contractual services, as well as the work the Office of the Attorney General performs for our office.
- The OSOS has five operating divisions and the Executive Team which I lead, and we pay three attorneys assigned to our Office by the Attorney General. Our divisions are the Address Confidentiality Program (ACP), Administration and Finance, Charities and Legal Service (CLS), Division of State Documents (DSD), and International Affairs.

Our critical agency operates with a tight budget and limited staffing allocation in carrying out its many important, varied state functions. Our mission is to provide the citizens of Maryland with services, assistance, and information pertaining to the constitutional, statutory, and regulatory functions assigned to our Office. In addition, we operate the Division of International Affairs with our limited funds and staff, as we help bring the world to Maryland, and the State of Maryland to the world.

Let me reiterate that the OSOS has a FY 2027 Governors Allowance of \$3,908,919 from the General Fund, while our revenue generates more than half of that amount for the General Fund. Our net cost for the state budget is minimal, but our value-add is significant. In addition to our General Fund allowance, we have three targeted special funds to support our operations. The largest of these is the Charitable Enforcement Special Fund, which generates over a million dollars a year, the Notary Public Fund, which allows most of our

notary functions to be covered through fees to notaries, and the Division of State Documents Special Fund, which is diminishing over time as it historically derived most of its revenue from printed sales of COMAR and the Register.

In addition to these Special Funds, our Office remits over \$2 million a year to the General Fund. We also generate nearly \$2 million in Special Funds to be spent on their limited purposes by our Office. Our agency generates significant revenues to support our work.

Additionally, the Office processes extraditions, pardons, and Executive Orders for the Governor. And many of you are familiar with our responsibilities related to flag protocol. It is our honor to serve Marylanders, and to assist your offices with constituent services. Please don't hesitate to reach out to my Deputy Secretary of State Michael Lore for any constituent-related concerns. I know how important it is to serve your constituents.

Before responding to the DLS analysis from Mr. Micah Richards, I would like to highlight some of the accomplishments of our divisions over the past fiscal year. From robust international engagement to the certification of documents for international use, to the production of official publications containing Maryland regulations, to the registration of charitable organizations and the processing of applications for Notary Publics and protecting the addresses of abuse victims with the Address Confidentiality Program, our Office manages a broad scope of duties with superior customer service at its core.

**Division of International Affairs:**

Governor Moore has prioritized investment in growth, and we are seeking to attract investment and market access across the world. This small agency takes the lead for the Executive Branch's global outreach and strategy through the Subcabinet on International Affairs. I serve as the chair of this body, whose members include the Lieutenant Governor, Secretary of Transportation, Environment, Commerce, Agriculture, the Maryland Higher Education Commission, and was updated last year through an Executive Order, which expanded membership adding the Maryland Military Department. With regular meetings and a comprehensive strategic plan in place, we are using the strong assets of Maryland effectively across agencies to promote Maryland internationally. We are working to make this Maryland's decade, and our small agency's global outreach is aiding this effort.

This past year has brought some real success attracting foreign direct investment. Our partnerships with other agencies, especially the Department of Commerce, allow us to connect with new pools of investment for state development such as sovereign wealth funds.

Our annual report for 2025 is being finalized and presented to the Governor.

We have engaged with over 63 countries in the past year on every continent except Antarctica.

Other major activities included co-hosting hundreds of diplomatic guests from dozens of countries at the Washington International Horse Show. And maintaining regular communications with our Sister States in Japan, South Korea, France, and China. We are also tightening and strengthening our partnerships with other jurisdictions such as Ireland, Germany, Canada, South Africa, Nigeria, Ghana, Liberia, Middle Eastern nations, and other friendly countries.

A key focus of our work is to brand Maryland the global epicenter of advanced technologies, such as quantum computing, life sciences, cybersecurity, aerospace, and artificial intelligence. We are also providing key climate leadership on the world-stage with partnerships with MDE, allies, and counterparts from around the globe who are innovating at a rapid pace.

Subnational diplomacy is more important than ever, and Maryland is engaging with the world, through our office, and with partner agencies. The Lieutenant Governor, a member of the Subcabinet on International Affairs, has been a true champion and partner in “the work”.

### **Division of Charities and Legal Services:**

- The division registers and regulates charities and professional fundraisers under the Maryland Solicitations Act. This is a unique collaboration with the Office of the Attorney General. Our Office has enhanced our investigation and enforcement capabilities.
- The division regulated over 19,955 charities in FY25 across the globe and had 78 legal actions underway in FY25. In the prior year, we added a full-time investigator and an Assistant Attorney General to our staff to

help improve our reach. At no other time has Maryland been able to regulate charities more effectively. Last year we reported 45 actions.

- Every year, we additionally generate around \$2 million for the General Funds from registration and late fees.
- The Maryland Charity Campaign, the State's workplace giving program, raised nearly \$2 million during the 2025 campaign, \$1.712,487 short of our goal.
- The Division also processed 15,833 new and renewed applications for notary publics. In FY25, there were 30 notary enforcement investigations and actions.
- The new Notary database modernization is working, and we can use the database to help modernize our delivery of other services such as international certifications. We are proposing removing a step to process these documents at the Clerk of the Courts' offices and save taxpayers time and money.
- Among other accomplishments, the agency processed extraditions, commutations, and pardons for the Governor, 350 extraditions were processed during FY25.

#### **Division of Finance and Administration:**

The Office of the Secretary of State annually certifies thousands of documents for international use. The Office serves several hundred walk-in customers each month in addition to an equal number of mail-in documents. This process has included a step to stop by the county Clerk of Court to verify the notary is licensed with the State. Since updating our notary database, we now can remove a step in the process and streamline a more efficient experience for customers. Additionally, we are reviewing the customer benefits of incorporating an e-Apostille process to deliver certified documents to our customers electronically. We view this as a step towards delivering the Administration's promise to modernize government, enhance customer experience, and cut useless red tape.

- The Office processed 69,816 documents certified for international use.

#### **Division of State Documents (DSD):**

With last year's appropriation of the Maryland General Assembly, my Office worked in partnership with DoIT and nonprofit third-party contractor Open Law Library, to modernize the State's Electronic Filing System, or ELF, which

publishes the Code of Maryland Regulations, or COMAR. I am pleased to update the Committee that thanks to the unwavering dedication of my team and the budget appropriation of this body last year, the new COMAR website was launched this past December. Now live and available for use by the public and across state government, the new system is operational for COMAR publication and will have the full Register available this summer. It is accessed more than 100,000 times every month and is used by all state agencies, courts, libraries, law firms, businesses, subscribers, and individuals who need to know Maryland law. Our FY27 budget includes a new allowance of \$250,000 to maintain the system.

The failed ELF 2.0 system that we inherited lacked human centered design and understanding of our functions. The rollout that commenced in the last administration failed due to bad communication, design, and training. The poor product design and deployment combined with a series of retirements created challenges that we have largely overcome. We have worked hard to maintain employee morale despite the challenges with the system, and we have hired supplemental IT support. The new system is working well, and it is streamlining the processing of regulations for publication across all of State Government.

The fact that COMAR, and soon the Register, is now available for free online, our DSD Special Fund, which was funded by the sales of printed copies of COMAR and the Register, is experiencing increasing revenue shortfalls. Nevertheless, our agency has secured a strong platform the ELF system, providing drastically improved service to our partners across government and to the public alike, while also ensuring modernized system cybersecurity protections.

#### **Address Confidentiality Program (ACP):**

- Active program participants – 2,134
- Shielded deeds – 143 to date
- Certified 106 Application Assistants (professional victim service providers trained by ACP staff to prequalify and refer Program applicants)
- In FY23, ACP eligibility expanded to include any threatened Maryland resident regardless of their relationship to the would-be perpetrator.
- The ACP currently operates with five staff.

For FY25, OSOS received \$180,107 through VOCG-2025-044 for the Maryland Safe at Home Address Confidentiality Program (ACP). The program spent the full allocation in two primary areas: direct services (\$174,107) and outreach (\$6,000). In the direct services category, staff salaries (\$138,600) were the largest expense, supporting a community outreach coordinator and a program specialist. Other direct services spending included contractual services (\$30,250) for SQL database enhancements and resources (\$5,257) for travel, conferences, training, and ongoing IT maintenance. Outreach spending (\$6,000) covered printing materials for public promotion of the ACP program (\$3,000) and direct communication to program participants (\$3,000).

**Operating Budget Recommended Actions:**

1. Concur with Governor's allowance

Office of the Secretary of State response:

The Office agrees with the recommendation.

Response to questions –

**Discuss the reasons for the higher number of delinquent charities in fiscal 2025 after several years of decline. The Secretary of State should also discuss the reasons for the decline in contacts with non-compliant charities and the delinquencies resolved downward trend, despite the increase in delinquent charities.**

The decrease in contacts with non-compliant charities can be attributed to fewer charities becoming delinquent. Although there are more delinquent charities overall, fewer charities became delinquent last fiscal year. The count of delinquent charities is the total amount delinquent as of 6/30/2025. This figure takes into account long-standing delinquent registrations and newly delinquent registrants from the last year that did not resolve their registration issues by 6/30/2025.

There are less notices provided to long-standing delinquent charities because they do not get multiple automated email notices from the online filing system. Long-standing delinquent charities get letters from our office because the automated notices failed to help them stay compliant. Letters are generated by a person, so fewer physical letters are sent than automated email notices. Fewer charities becoming delinquent in fiscal 2025 compared to prior years

also explains the downward trend in delinquencies resolved; however, we anticipate delinquencies resolved to start to level out in the next year or two.