

AMENDED IN ASSEMBLY APRIL 7, 2016
AMENDED IN ASSEMBLY MARCH 17, 2016
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2855

Introduced by Assembly Member Frazier

February 19, 2016

An act to add Section 17510.86 to the Business and Professions Code, relating to charitable solicitations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2855, as amended, Frazier. Charitable solicitations: financial disclosures.

Existing law requires a solicitor or seller, prior to any solicitation or sales solicitation for charitable purposes, to provide the prospective donor or purchaser with certain disclosures, including, among others, the name and address of the combined campaign, each organization or fund on behalf of which money collected will be utilized, and the percentage of the total gift or purchase price that may be deducted as a charitable contribution under both federal and state law. Under existing law, a violation of certain advertising restrictions, including charitable solicitation requirements, is a crime.

This bill would require an Internet Web site produced by, or on behalf of, a charity *Clarity, as specified*, to contain ~~an Internet Web page that includes a disclosure of the charity's administrative overhead expenses and a copy of the charity's most recent Internal Revenue Service Form 990 filing and would further require each Internet Web page on the Internet Web site to contain a direct link to that financial disclosures Internet Web page, as specified.~~ The bill would also require a document

~~produced by, or on behalf of, a charity for solicitation for charitable purposes to include a disclosure statement indicating the percentage of the charity's funding spent on those administrative overhead expenses, as specified: a prominent link to the Attorney General's Internet Web site which contains information about consumer rights and protections and charity research resources. The bill would also require any solicitation document produced by a charity to also include the address for the Attorney General's Internet Web site. As a violation of these requirements would be a crime, this bill would impose a state-mandated local program.~~

~~This bill would authorize the Attorney General to enforce these requirements by directing the Franchise Tax Board to suspend or revoke a violating charity's tax-exempt status, by suspending or revoking the registration of a violating charity, or by taking any other enforcement action pursuant to the Attorney General's existing powers and duties, as specified:~~

~~The bill would, by July 1, 2017, require the Attorney General to develop and publish specified information regarding consumer rights and charities on the Attorney General's Internet Web site.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17510.86 is added to the Business and
- 2 Professions Code, to read:
- 3 17510.86. (a) An Internet Web site produced by, or on behalf
- 4 of, a charity that operates or engages in the solicitation for
- 5 charitable purposes of funds or other property in this state shall
- 6 include a prominent link on the home page of the Internet Web
- 7 site that immediately directs all consumers to the Attorney
- 8 General's Internet Web site, which contains information about
- 9 consumer rights and protections and charity research resources.
- 10 (b) A document produced by, or on behalf of, a charity for the
- 11 solicitation for charitable purposes of funds or other property in

1 *this state shall include the Internet Web site address of the Attorney*
2 *General’s Internet Web site, which contains information about*
3 *consumer rights and protections and charity research resources.*

4 *(c) No later than July 1, 2017, the Attorney General shall*
5 *develop and publish on the Attorney General’s Internet Web site,*
6 *which contains information about charities, informational*
7 *materials containing consumer rights and protections and charity*
8 *research resources to allow donors to become informed about a*
9 *charity before making a decision to give.*

10 SECTION 1. ~~Section 17510.86 is added to the Business and~~
11 ~~Professions Code, to read:~~

12 ~~17510.86.—(a) An Internet Web site produced by, or on behalf~~
13 ~~of, a charity that operates, or engages in the solicitation for~~
14 ~~charitable purposes of funds or other property, in this state shall~~
15 ~~comply with both of the following:~~

16 ~~(1) The Internet Web site shall contain a financial disclosures~~
17 ~~Internet Web page, which shall include both of the following:~~

18 ~~(A) A disclosure of the sum total of the salaries, other~~
19 ~~compensation, and employee benefits of the charity’s executive~~
20 ~~director and board of directors and all of the charity’s other~~
21 ~~administrative overhead expenses, as reported on the charity’s~~
22 ~~most recent Internal Revenue Service Form 990 filing. The~~
23 ~~disclosure shall be set forth in at least 14-point, bold, sans serif~~
24 ~~type font and shall be clear and conspicuous, as defined in Section~~
25 ~~17601.~~

26 ~~(B) A complete copy of the charity’s most recent Internal~~
27 ~~Revenue Service Form 990 filing.~~

28 ~~(2) Each Internet Web page on the Internet Web site shall~~
29 ~~include a direct link to the financial disclosures Internet Web page~~
30 ~~required pursuant to paragraph (1). The direct link shall contain~~
31 ~~the phrase “Click here to read a full disclosure of the finances,~~
32 ~~including the salaries and expenses, of this organization,” shall be~~
33 ~~placed in the top right corner of each Internet Web page in at least~~
34 ~~14-point, bold, sans serif type font, and shall be clear and~~
35 ~~conspicuous, as defined in Section 17601.~~

36 ~~(b) (1) A document produced by, or on behalf of, a charity for~~
37 ~~the solicitation for charitable purposes of funds or other property~~
38 ~~in this state shall include a disclosure statement indicating the~~
39 ~~percentage of the charity’s funding that is spent on the sum total~~
40 ~~of the salaries, other compensation, and employee benefits of the~~

1 charity's executive director and board of directors and all of the
2 charity's other administrative overhead expenses, as reported on
3 the charity's most recent Internal Revenue Service Form 990 filing.

4 (2) The disclosure statement shall be printed on the first page
5 of the document in at least 14-point, bold, sans serif type font and
6 shall be clear and conspicuous, as defined in Section 17601.

7 (e) The Attorney General may enforce this section by taking
8 any of the following actions against a charity that provides false
9 information or otherwise violates this section:

10 (1) Directing the Franchise Tax Board to suspend or revoke the
11 charity's exemption from the taxes imposed by the Corporation
12 Tax Law (Part 11 (commencing with Section 23001) of Division
13 2 of the Revenue and Taxation Code). The suspension or revocation
14 shall become effective immediately upon receipt by the Franchise
15 Tax Board, and the Franchise Tax Board shall reinstate the
16 exemption only upon subsequent notification by the Attorney
17 General that the charity is in compliance with this section.

18 (2) Refusing to register, or revoking or suspending the
19 registration of, a charity pursuant to the Supervision of Trustees
20 and Fundraisers for Charitable Purposes Act (Article 7
21 (commencing with Section 12580) of Chapter 6 of Part 2 of
22 Division 3 of Title 2 of the Government Code).

23 (3) Taking any other enforcement action pursuant to the
24 Attorney General's existing powers and duties.

25 SEC. 2. No reimbursement is required by this act pursuant to
26 Section 6 of Article XIII B of the California Constitution because
27 the only costs that may be incurred by a local agency or school
28 district will be incurred because this act creates a new crime or
29 infraction, eliminates a crime or infraction, or changes the penalty
30 for a crime or infraction, within the meaning of Section 17556 of
31 the Government Code, or changes the definition of a crime within
32 the meaning of Section 6 of Article XIII B of the California
33 Constitution.