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.


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

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

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17510.86. (a) An Internet Web site produced by, or on behalf of, a charity that operates or engages in the solicitation for charitable purposes of funds or other property in this state shall include a prominent link on the home page of the Internet Web site that immediately directs all consumers to the Attorney General’s Internet Web site, which contains information about consumer rights and protections and charity research resources.
(b) A document produced by, or on behalf of, a charity for the solicitation for charitable purposes of funds or other property in
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this state shall include the Internet Web site address of the Attorney
General’s Internet Web site, which contains information about
consumer rights and protections and charity research resources.
(c) No later than July 1, 2017, the Attorney General shall
develop and publish on the Attorney General’s Internet Web site,
which contains information about charities, informational
materials containing consumer rights and protections and charity
research resources to allow donors to become informed about a
charity before making a decision to give.

SECTION 1. — Section 17510.86 is added to the Business and
Professions Code, to read:
17510.86. (a) An Internet Web site produced by, or on behalf
of, a charity that operates, or engages in the solicitation for
charitable purposes of funds or other property, in this state shall
comply with both of the following:
(1) The Internet Web site shall contain a financial disclosures
Internet Web page, which shall include both of the following:
(A) A disclosure of the sum total of the salaries, other
compensation, and employee benefits of the charity’s executive
director and board of directors and all of the charity’s other
administrative overhead expenses, as reported on the charity’s
most recent Internal Revenue Service Form 990 filing. The
disclosure shall be set forth in at least 14-point, bold, sans serif
type font and shall be clear and conspicuous, as defined in Section
17601.
(B) A complete copy of the charity’s most recent Internal
Revenue Service Form 990 filing.
(2) Each Internet Web page on the Internet Web site shall
include a direct link to the financial disclosures Internet Web page
required pursuant to paragraph (1). The direct link shall contain
the phrase “Click here to read a full disclosure of the finances,
including the salaries and expenses, of this organization,” shall be
placed in the top right corner of each Internet Web page in at least
14-point, bold, sans serif type font, and shall be clear and
conspicuous, as defined in Section 17601.
(b) (1) A document produced by, or on behalf of, a charity for
the solicitation for charitable purposes of funds or other property
in this state shall include a disclosure statement indicating the
percentage of the charity’s funding that is spent on the sum total
of the salaries, other compensation, and employee benefits of the
charity’s executive director and board of directors and all of the
c Charity’s other administrative overhead expenses, as reported on
the charity’s most recent Internal Revenue Service Form 990 filing.
(2) The disclosure statement shall be printed on the first page
of the document in at least 14-point, bold, sans serif type font and
shall be clear and conspicuous, as defined in Section 17601.
(e) The Attorney General may enforce this section by taking
any of the following actions against a charity that provides false
information or otherwise violates this section:
(1) Directing the Franchise Tax Board to suspend or revoke the
charity’s exemption from the taxes imposed by the Corporation
Tax Law (Part 11 (commencing with Section 23001) of Division
2 of the Revenue and Taxation Code). The suspension or revocation
shall become effective immediately upon receipt by the Franchise
Tax Board, and the Franchise Tax Board shall reinstate the
exemption only upon subsequent notification by the Attorney
General that the charity is in compliance with this section.
(2) Refusing to register, or revoking or suspending the
registration of a charity pursuant to the Supervision of Trustees
and Fundraisers for Charitable Purposes Act (Article 7
(commencing with Section 12580) of Chapter 6 of Part 2 of
Division 3 of Title 2 of the Government Code).
(3) Taking any other enforcement action pursuant to the
Attorney General’s existing powers and duties.
SEC. 2. No reimbursement is required by this act pursuant to
Section 6 of Article XIIIB of the California Constitution because
the only costs that may be incurred by a local agency or school
district will be incurred because this act creates a new crime or
infraction, eliminates a crime or infraction, or changes the penalty
for a crime or infraction, within the meaning of Section 17556 of
the Government Code, or changes the definition of a crime within
the meaning of Section 6 of Article XIIIB of the California
Constitution.