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California Legislation on Charitable Fundraising Platforms Tabled Until Next Year

Two bills in the California Legislature that would have significantly increased regulatory oversight of certain charities fundraising in California were, via different procedural means, effectively tabled for the remainder of the year. They will both likely be taken up again next year in some form, so they bear watching (and we're watching!).

The first bill, **AB 2936 (Wicks)**, would have required the California Attorney General's office to treat sponsors of donor-advised funds ("DAFs") as a separate class of regulated charity, effectively prodding the Attorney General to adopt regulations to require new reporting specifically from DAF sponsors. This bill was supported by the California Association of Nonprofits, but, unsurprisingly, was opposed by many DAF sponsors, including large community foundations. After passing the Assembly in June, AB 2936 was held without action in the Senate Judiciary Committee.

The second bill, **AB 2208 (Irwin)**, was a broader effort to regulate online philanthropy (other than DAFs), and specifically focuses on charitable fundraising platforms that have become common in the Internet age. Drafted by the California Attorney General's Office and supported by the California Association of Nonprofits, AB 2208 would have defined two types of entities—"charitable fundraising platforms" and "platform charities"—that raise funds for charities and, currently, either are not regulated at all, or are regulated in ways that don't focus on their online presence. The bill sought to impose new consent and disclosure requirements on charitable fundraising platforms and platform charities. Both the Attorney General's office and Assemblywoman's Irwin's office were very receptive to stakeholder feedback, including comments from affected fundraising platforms, but ultimately the bill was placed "on suspense" in the Senate Appropriations Committee.

While I do not agree with everything in AB 2208, some version of it, particularly on the issue of consent by charities on behalf of whom an online platform raises funds, is necessary to update California's outdated law, which does not contemplate online philanthropy.

And so, stay tuned for next year—as one or both of these bills will likely be back on the table!

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AUTHOR



Robert A. Wexler
Principal

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EDITORS



Stephanie L. Petit
Principal



Eric K. Gorovitz
Principal