

  
*Colorado Legislative Council Staff Fiscal Note*  
**FINAL**  
**FISCAL NOTE**

**Drafting Number:** LLS 12-0610  
**Prime Sponsor(s):** Rep. Summers  
 Sen. Jahn

**Date:** July 9, 2012  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**TITLE:** CONCERNING THE REGULATION OF CHARITABLE SOLICITATIONS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
<b>State Revenue</b> Cash Funds Department of State Cash Fund	Potential decrease in fines. Up to (\$40,000) per year	
<b>State Expenditures</b> Cash Funds Department of State Cash Fund	\$41,440	
<b>FTE Position Change</b>		
<b>Effective Date:</b> The bill was signed into law by the Governor on April 26, 2012, and takes effect January 1, 2013, assuming no referendum petition is filed.		
<b>Appropriation Summary for FY 2012-2013:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

The bill makes several changes in the regulation of charitable solicitations, including:

- excluding grant writers from the definition of "paid solicitor" unless the grant writer's compensation is computed on the basis of the amount of funds raised;
- specifying that fundraising on behalf of a specific, named individual is not a charitable appeal and that the fundraiser does not have to register with the Secretary of State;
- eliminating the requirement that charities request a three-month extension for filing financial reports with the Secretary of State if the charity has filed for an extension with the Internal Revenue Service (IRS);
- clarifying that only monetary contributions must be deposited in a financial institution; and
- requiring paid solicitors to disclose that a contribution is not tax-deductible, if that is the case, near the beginning of a telephone solicitation prior to asking for a donation and to state their full names.

### **State Revenue**

By extending the filing deadline for charities that have filed for an extension with the IRS, the number of charities incurring fines for late filings with the Secretary of State is expected to ***decrease by up to \$40,000 per year beginning in FY 2012-13***. This decrease is based on the assumption that charities file in a similar time frame as under current law. However, it is also possible that charities will continue to file late even after the extended deadline, in which case the potential decrease would be reduced. Under current law, about \$100,000 per year is generated from late fees from charitable organizations, since about 40 percent of charities do not file on time and do not request a waiver.

### **State Expenditures**

The bill will result in ***one-time costs in the Department of State of \$41,440 in FY 2012-13***, paid from the Department of State Cash Fund. These costs are for 560 hours of contracted computer programming time at the standard rate of \$74 per hour to make the changes to the charitable organization filing system to adjust deadlines and notices generated, as well as to track the date that charities file for an extension with the IRS.

### **State Appropriations**

The bill requires an appropriation of \$41,440 to the Department of State in FY 2012-13 from the Department of State Cash Fund.

### **Departments Contacted**

State            Revenue