



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1115 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Tom George
Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend the Charitable Organizations and Solicitations Act to do the following:

- Require charitable organizations and professional fund-raisers to register with the Attorney General (rather than be licensed by the Attorney General), and provide for the registration of vendors.
- Establish registration fees and a late fee.
- Require a charitable organization or professional fund-raiser to include financial information and information about its directors, officers, and employees with its registration.
- Allow a charitable organization to receive up to \$25,000 (rather than \$8,000) in a fiscal year before it is subject to the registration and reporting requirements.
- Exempt school booster groups and parent-teacher organizations, and public schools, nonpublic schools, preschools, and institutions of higher education, from the registration and reporting requirements.
- Create the "Charitable Organizations and Solicitations Fund" for the deposit of registration fees, fines, and penalties, and require the Attorney General to spend money in the Fund to administer and enforce the Act.
- Require a charitable organization to report on its previous fiscal year when renewing its registration, and require professional fund-raisers to file financial reports.
- Require registrants to retain records for at least three years.
- Prohibit a number of activities involving misrepresentations.
- Require a charitable organization, professional fund-raiser, or vendor to disclose certain information when requesting a contribution.
- Provide for a civil penalty of up to \$10,000 payable to the State for violations.
- Authorize the Attorney General to issue a cease and desist order and to accept an assurance of discontinuance.
- Allow a person injured by a violation to pursue a remedy under the Michigan Consumer Protection Act.
- Increase the maximum fine for a misdemeanor under the Act from \$500 to \$5,000, and make certain violations a felony punishable by imprisonment for up to five years and/or a maximum fine of \$20,000.
- Provide that an oral pledge or promise to make a contribution would be unenforceable if it resulted from a telephone or door-to-door solicitation.
- Provide that a person who solicited contributions, conducted a fund-raising event, or conducted a sales promotion or campaign for a charitable purpose would be subject to the Act, but would not be required to register or file reports.
- Require the Attorney General to report to the Legislature.

MCL 400.272 et al.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

Currently, State General Fund money is appropriated for the Department of Attorney General staff (8.5 FTE positions/\$600,000 GF/GP) that provides legal services related to the Charitable Organizations and Solicitations Act. Approximately 2,900 charities are licensed to solicit donations. The Department states that the bill would have an impact on its workload and require additional staff. However, the Department did not provide specifics on the number of additional staff who would be required or the amount of estimated revenue that would be generated from fees.

There are no data to indicate how many offenders are convicted of the misdemeanor offense. The bill could increase local corrections costs by allowing an offender to be charged with separate offenses for each violation. Public libraries would benefit from any additional penal fine revenue generated by the increased fine.

There also are no data to indicate how many offenders would be convicted of the proposed felony. Local units would incur the costs of incarceration in a local facility, which vary by counts. The State would incur the cost of felony probation at an average annual cost of \$1,800, as well as the cost of incarceration in a State facility at an average annual cost of \$28,000. Public libraries would benefit from any additional penal fine revenue raised by the new fine.

Date Completed: 7-1-04

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.