



# House of Representatives

General Assembly

**File No. 133**

January Session, 2021

House Bill No. 6217

*House of Representatives, March 25, 2021*

The Committee on General Law reported through REP. D'AGOSTINO of the 91st Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT INCREASING TRANSPARENCY FOR CHARITABLE ORGANIZATIONS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 21a-190a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective January 1, 2022*):

3 As used in sections 21a-190a to 21a-190l, inclusive:

4 (1) "Charitable organization" means any person who is or holds  
5 himself or herself out to be established for any benevolent, educational,  
6 philanthropic, humane, scientific, patriotic, social welfare or advocacy,  
7 public health, environmental conservation, civic or eleemosynary  
8 purpose, or for the benefit of law enforcement officers, firefighters or  
9 other persons who protect the public safety.

10 (2) "Person" means an individual, corporation, limited liability  
11 company, association, partnership, trust, foundation or any other entity  
12 however styled.

13 (3) "Solicit" and "solicitation" mean any request directly or indirectly  
14 for money, credit, property, financial assistance or other thing of any  
15 kind or value on the plea or representation that such money, credit,  
16 property, financial assistance or other thing of any kind or value is to be  
17 used for a charitable purpose or benefit a charitable organization.  
18 "Solicit" and "solicitation" [shall include] includes, but [shall] is not [be]  
19 limited to, the following methods of requesting or securing such money,  
20 credit, property, financial assistance or other thing of value: (A) Any oral  
21 or written request; (B) any announcement to the press, over the radio or  
22 television or by telephone or telegraph concerning an appeal or  
23 campaign by or for any charitable organization or purpose; (C) the  
24 distribution, circulation, posting or publishing of any handbill, written  
25 advertisement or other publication; (D) the sale of, offer or attempt to  
26 sell, any advertisement, advertising space, book, card, tag, coupon,  
27 device, magazine, membership, merchandise, subscription, flower,  
28 ticket, candy, cookies or other tangible item in connection with an  
29 appeal made for any charitable organization or purpose, or where the  
30 name of any charitable organization is used or referred to in any such  
31 appeal as an inducement or reason for making any such sale, or when  
32 or where in connection with any such sale, any statement is made that  
33 the whole or any part of the proceeds from any such sale is to be used  
34 for any charitable purpose or benefit any charitable organization. A  
35 solicitation shall be deemed to have taken place whether or not the  
36 person making the same receives any contribution.

37 (4) "Charitable purpose" means any benevolent, educational,  
38 philanthropic, humane, scientific, patriotic, social welfare or advocacy,  
39 public health, environmental conservation, civic or eleemosynary  
40 objective.

41 (5) "Contribution" means the grant, promise or pledge of money,  
42 credit, property, financial assistance or other thing of any kind or value  
43 in response to a solicitation. "Contribution" [shall] does not include bona  
44 fide fees, dues or assessments paid by members, provided membership  
45 is not conferred solely as consideration for making a contribution in  
46 response to a solicitation.

47 (6) "Fund-raising counsel" means a person who for compensation  
48 plans, manages, advises or consults with respect to the solicitation in  
49 this state of contributions by a charitable organization, but who does not  
50 solicit contributions and who does not directly or indirectly employ,  
51 procure or engage any person compensated to solicit contributions. A  
52 bona fide nontemporary salaried officer or employee of a charitable  
53 organization shall not be deemed to be a fund-raising counsel.

54 (7) "Paid solicitor" means a person who for any consideration, other  
55 than any nonmonetary gift of nominal value awarded to a volunteer  
56 solicitor as an incentive or token of appreciation, performs for a  
57 charitable organization any service in connection with which  
58 contributions are solicited by such person or by any person he directly  
59 or indirectly employs, procures or engages to solicit for such  
60 compensation. A bona fide nontemporary salaried officer or employee  
61 of a charitable organization shall not be deemed to be a paid solicitor.

62 (8) "Commercial coventurer" means a person who for profit is  
63 regularly and primarily engaged in trade or commerce in this state other  
64 than in connection with the raising of funds for charitable organizations  
65 or purposes and who conducts a charitable sales promotion.

66 (9) "Charitable sales promotion" means an advertising or sales  
67 campaign, conducted by a commercial coventurer, which represents  
68 that the purchase or use of goods or services offered by the commercial  
69 coventurer are to benefit a charitable organization or purpose.

70 (10) "Department" means the Department of Consumer Protection.

71 (11) "Commissioner" means the Commissioner of Consumer  
72 Protection.

73 (12) "Membership" means that which entitles a person to the  
74 privileges, professional standing, honors or other direct benefit of the  
75 organization and the rights to vote, elect officers and hold office in the  
76 organization.

77 (13) "Parent organization" means that part of a charitable

78 organization which supervises and exercises control over the  
79 solicitation and expenditure activities of one or more chapters, branches  
80 or affiliates.

81 (14) "Gross revenue" means income of any kind from all sources,  
82 without deduction of any costs or expenses, including all amounts  
83 received as the result of any solicitation by a paid solicitor.

84 Sec. 2. Section 21a-190b of the general statutes is repealed and the  
85 following is substituted in lieu thereof (*Effective January 1, 2022*):

86 (a) Every charitable organization not exempted by section 21a-190d  
87 shall annually register with the department prior to conducting any  
88 solicitation or prior to having any solicitation conducted on its behalf by  
89 others. Application for registration shall be in a form prescribed by the  
90 commissioner and shall include a nonrefundable application fee of fifty  
91 dollars. Such application shall include: (1) A registration statement, (2)  
92 an annual financial report for such organization for the preceding fiscal  
93 year that is prepared in accordance with the provisions of subsection (a)  
94 of section 21a-190c, and (3) an audited financial statement as required  
95 by subsection (b) of section 21a-190c. An authorized officer of the  
96 organization shall certify that the statements therein are true and correct  
97 to the best of their knowledge. A chapter, branch or affiliate in this state  
98 of a registered parent organization shall not be required to register  
99 provided the parent organization files a consolidated annual  
100 registration for itself and its chapter, branch or affiliate. Each charitable  
101 organization shall annually renew its registration not later than eleven  
102 months after the end of such organization's fiscal year.

103 (b) In the event the department determines that the application for  
104 registration does not contain the documents required in subsection (a)  
105 of this section or is not in accordance with the regulations adopted by  
106 the commissioner pursuant to this chapter, the department shall notify  
107 the charitable organization of such noncompliance not later than ten  
108 days after the department's receipt of such application for registration.  
109 Any such charitable organization may request a hearing on its  
110 noncompliant status in accordance with the provisions of chapter 54.

111 (c) In addition to the application fee required pursuant to subsection  
 112 (a) of this section, a charitable organization shall pay a late fee of twenty-  
 113 five dollars for each month, or part thereof, that such application for  
 114 registration is late. The commissioner may, upon written request and for  
 115 good cause shown, waive or reduce any late fee under this section.

116 (d) In the event that a charitable organization fails to register in  
 117 accordance with the provisions of this section, such organization shall  
 118 include in its application for registration an annual financial report for  
 119 each of the previous years in which such organization was required to  
 120 file an application for registration or an annual financial report.

121 (e) Any charitable organization registered in accordance with this  
 122 section on September 30, 2005, shall be deemed to be registered  
 123 pursuant to this section until the last day of the fifth month after the  
 124 close of the fiscal year in effect on September 30, 2005.

125 (f) A charitable organization registered in accordance with this  
 126 section shall (1) when engaging in solicitation, or upon request from any  
 127 person, disclose its registration number and the percentage of funds  
 128 collected by such organization in the prior calendar year that directly  
 129 funded the charitable purpose of such organization, and (2) display its  
 130 registration number in a conspicuous manner on any printed  
 131 advertisement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2022	21a-190a
Sec. 2	January 1, 2022	21a-190b

**GL**            *Joint Favorable*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

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**OFA Fiscal Note****State Impact:** None**Municipal Impact:** None**Explanation**

The bill requires charitable organizations to disclose certain information when soliciting or upon request resulting in no fiscal impact to the state.

**The Out Years****State Impact:** None**Municipal Impact:** None

**OLR Bill Analysis****HB 6217*****AN ACT INCREASING TRANSPARENCY FOR CHARITABLE ORGANIZATIONS.*****SUMMARY**

This bill requires Department of Consumer Protection (DCP)-registered charitable organizations, when soliciting, to disclose (1) their registration number and (2) the percentage of funds they collected in the prior calendar year that directly funded their charitable purpose (see BACKGROUND). This information must also be provided upon anyone's request.

The bill also requires registered charitable organizations to conspicuously display their registration number on printed advertisements.

By law, unchanged by the bill, charitable organizations (whether a person or a legal entity) receiving at least \$50,000 in donations annually generally must register with DCP. The law exempts certain organizations from registration, such as the following:

1. duly organized religious corporations, institutions, or societies;
2. parent-teacher associations;
3. educational institutions meeting certain curricula requirements;
4. licensed nonprofit hospitals;
5. domestic governmental units or instrumentalities; and
6. charitable organizations that normally receive less than \$50,000 in contributions annually, and do not pay anyone to primarily solicit (CGS § 21a-190d).

The bill also makes technical changes.

EFFECTIVE DATE: January 1, 2022

## **BACKGROUND**

### ***Charitable Purpose***

By law, “charitable purpose” means any benevolent, educational, philanthropic, humane, scientific, patriotic, social welfare or advocacy, public health, environmental conservation, civic, or eleemosynary objective.

### ***Solicitation***

By law, “solicitation” is defined broadly and includes a direct or indirect request to benefit a charitable organization, for money, credit, property, financial assistance, or other thing of any kind or value. It includes oral and written requests (e.g., by newspaper, television, telephone, or handbill) and offerings of merchandise, subscriptions, memberships, candy, flowers, or other tangible items on the premise that some of the proceeds will be used for a charitable purpose.

## **COMMITTEE ACTION**

General Law Committee

Joint Favorable

Yea 19    Nay 0    (03/09/2021)