

Charity Fundraising Overhaul

Last summer the *Tampa Bay Times* ran a series of investigative articles about [America's Worst Charities](#), charities that annually receive more than \$1 billion dollars in contributions from unsuspecting contributors. The report found, among many others, that "The 50 worst charities in America devote less than 4 percent of donations raised to direct cash aid. Some charities give even less. Over a decade, one diabetes charity raised nearly \$14 million and gave about \$10,000 to patients. Six spent nothing at all on direct cash aid."

While many circumstances create an environment in which those disreputable charities can thrive, one of the *Times* headlines proclaimed, "Lack of regulation and meager penalties allow worst charities to thrive." In response to the series, Department of Agriculture and Consumer Services Commissioner Adam Putnam crafted comprehensive legislation to protect Floridians against these nefarious organizations by tightening up charity fundraising regulations.

[CS/SB 638](#) and [CS/HB 629](#) have implications for many nonprofits across Florida, and have both passed their first committees of reference.

In Florida, the solicitation of contributions by charitable organizations and sponsors is regulated by the Solicitation of Contributions Act (the SCA). There are currently over 18,000 charitable organizations and sponsors, 404 professional fundraising consultants, and 87 professional solicitors registered in Florida.

In general, CS/SB 638 and CS/HB 629:

- prohibit bad actors and criminals from raising funds for charity by:
 - banning organizations that have violated laws in other states if the violation would also be a violation of Florida law; and
 - denying felons the opportunity to solicit funds.
- place additional scrutiny on charities that most commonly mislead contributors by:
 - requiring telemarketers who solicit on behalf of charities to submit fingerprints for background checks, scripts used to conduct solicitations, and the percentage of contributions they earn that will be provided to the charity for which they solicit;
 - requiring charities that solicit funds in the aftermath of natural disasters or other tragedies to submit additional information; and
 - preventing charities from hiding their activities in a complicated web of connected organizations by requiring charities to report additional information on fundraising efforts if consolidated financial statements are submitted by a parent organization.

See next week's *Legislative Link* for a breakdown of the many provisions contained in CS/SB 638 and CS/HB 629.