

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 659
Judiciary II Committee Substitute Adopted 4/16/03
House Committee Substitute Favorable 7/15/03

Short Title: Charitable Solicitations/Inform the Public.

(Public)

Sponsors:

Referred to:

April 1, 2003

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE DEPARTMENT OF THE SECRETARY OF STATE TO INCLUDE IN ITS ANNUAL REPORT INFORMATION REGARDING SOLICITATIONS OF CHARITABLE CONTRIBUTIONS THAT INFORMS THE PUBLIC OF THE PERCENTAGES OF THE SOLICITORS' REVENUES THAT CHARITABLE ORGANIZATIONS OR SPONSORS WILL RECEIVE AS BENEFITS FROM SOLICITATION CAMPAIGNS, TO PROVIDE FOR WIDER DISSEMINATION OF THE ANNUAL REPORT TO THE PUBLIC AND TO EXEMPT CERTAIN NONPROFIT FIRE OR EMERGENCY MEDICAL SERVICE ORGANIZATIONS FROM REPORTING AND OTHER REQUIREMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 131F-30 reads as rewritten:

"§ 131F-30. Public information; annual report.

(a) Public Information Program. – The Department shall develop a public information program to further the purposes of this Chapter. The purpose of the program is to help the public recognize unlawful, misleading, deceptive, or fraudulent solicitations and make knowledgeable, informed decisions concerning contributions.

(b) Information to Be Included. – The program shall include information concerning:

- (1) The laws governing solicitations, including licensing and disclosure requirements, prohibited acts, and penalties.
- (2) The means by which the public can report suspected violations or file a complaint.
- (3) Any other information the Department believes will assist the public in making knowledgeable and informed decisions concerning contributions.

1 (c) Annual Report. – The Department shall prepare an annual report to be
2 submitted to the Governor, the President of the Senate, and the Speaker of the House of
3 Representatives and to be made available to the public by publishing it on the
4 Department's web site, summarizing the information filed under this Chapter which the
5 Department determines will assist the public in making informed and knowledgeable
6 decisions concerning contributions. The report shall include the following:

7 (1) A list of complaints filed for which violations were found to have
8 occurred in each of the following categories: charitable organizations,
9 sponsors, solicitors, and fund-raising consultants.

10 (2) A list of the number of investigations by the Department, enforcement
11 actions commenced under this Chapter, and the disposition of those
12 actions.

13 (3) A list of those charitable organizations and sponsors that have
14 voluntarily submitted an audited financial statement pursuant to G.S.
15 131F-6(a)(10) or an audit with an opinion prepared by an independent
16 certified public accountant.

17 (4) A list of all solicitors licensed under this Chapter and the fixed
18 percentage of the gross revenue that the charitable organization or
19 sponsor will receive as a benefit from the solicitation campaign, the
20 reasonable estimate of the percentage of the gross revenue that the
21 charitable organization or sponsor will receive as a benefit from the
22 solicitation campaign, or the guaranteed minimum percentage of the
23 gross revenue that the charitable solicitation or sponsor will receive as
24 a benefit from the solicitation campaign as provided in the contract
25 between the solicitor and the charitable organization or sponsor,
26 whichever of these three amounts is least. This list shall appear in
27 order of percentages, from lowest to highest.

28 (d) Each year immediately following the submission of the report under
29 subsection (c) of this section, the Secretary of State shall issue that report as a press
30 release to all print and electronic news media that provide general coverage."

31 **SECTION 2.** G.S. 131F-16(h) reads as rewritten:

32 "(h) Financial Report. – Within 90 days after a solicitation campaign has been
33 completed and on the anniversary of the commencement of a solicitation campaign
34 lasting more than one year, the solicitor shall provide to the charitable organization or
35 sponsor and file with the Department a financial report of the campaign, including the
36 gross revenue ~~received and received~~, an itemization of all expenses ~~incurred~~ incurred,
37 and the fixed percentage of the gross revenue that the charitable organization or sponsor
38 received as a benefit from the solicitation campaign. The report shall be completed on a
39 form provided by the Department and shall be signed by an authorized official of the
40 solicitor who shall certify under oath that the report is true and correct."

41 **SECTION 3.** G.S. 131F-3 reads as rewritten:

42 "**§ 131F-3. Exemptions.**

43 The following are exempt from the provisions of this Chapter:

- 1 (1) Any person who solicits charitable contributions for a religious
2 institution.
- 3 (2) Solicitation of charitable contributions by the federal, State, or local
4 government, or any of their agencies.
- 5 (3) Any person who receives less than twenty-five thousand dollars
6 (\$25,000) in contributions in any calendar year and does not provide
7 compensation to any officer, trustee, organizer, incorporator,
8 fund-raiser, or solicitor.
- 9 (4) Any educational institution, the curriculum of which, in whole or in
10 part, is registered, approved, or accredited by the Southern Association
11 of Colleges and Schools or an equivalent regional accrediting body,
12 and any educational institution in compliance with Article 39 of
13 Chapter 115C of the General Statutes, and any foundation or
14 department having an established identity with any of these
15 educational institutions.
- 16 (5) Any hospital licensed pursuant to Article 5 of Chapter 131E or Article
17 2 of Chapter 122C of the General Statutes and any foundation or
18 department having an established identity with that hospital if the
19 governing board of the hospital, authorizes the solicitation and
20 receives an accounting of the funds collected and expended.
- 21 (6) Any noncommercial radio or television station.
- 22 (7) A qualified community trust as provided in 26 C.F.R. §
23 1.170A-9(e)(10) through (e)(14).
- 24 (8) A bona fide volunteer or bona fide employee or salaried officer of a
25 charitable organization or sponsor.
- 26 (9) An attorney, investment counselor, or banker who advises a person to
27 make a charitable contribution.
- 28 (10) A volunteer fire department, rescue squad, or emergency medical
29 service.
- 30 (11) A Young Men's Christian Association or a Young Women's Christian
31 Association.
- 32 (12) A nonprofit continuing care facility licensed under Article 64 of
33 Chapter 58 of the General Statutes.
- 34 (13) Any tax exempt nonprofit fire or emergency medical service
35 organization involved in the sale of goods or services that does not ask
36 for a donation."

37 **SECTION 4.** This act becomes effective January 1, 2004.