

Date of Hearing: April 21, 2026

Fiscal: Yes

ASSEMBLY COMMITTEE ON PRIVACY AND CONSUMER PROTECTION

Rebecca Bauer-Kahan, Chair

AB 2221 (Irwin) – As Amended April 13, 2026

AS PROPOSED TO BE AMENDED

SUBJECT: Supervision of Trustees and Fundraisers for Charitable Purposes Act

SYNOPSIS

AB 488 (Irwin, Ch. 616, Stats. 2021) expanded statutory provisions governing the Attorney General's (AG) supervision of charities to include a new regulatory framework specific to charitable fundraising platforms and platform charities. AB 488 was the product of extensive, multi-year legislative efforts, culminating in its passage in 2021. The bill became operative in 2023, and the AG adopted implementing regulations in 2024.

This bill, which is sponsored by CalNonprofits, and supported by other nonprofit associations and online platforms that participate in fundraising, follows on the heels of this Committee's Outcomes Review hearing on AB 488, in which several frustrations – particularly with relation to the lack of adequate safeguards in the process for removing entities from “good standing” status – were expressed by stakeholders in relation to the bill's implementation. To address those challenges, the bill would, among other things: ensure that charities lose good standing status only after a final cease and desist order, suspension, or revocation by the Department of Justice (DOJ); add flexibility for platforms with respect to alternative dispositions of donations when the intended recipient charity is not in good standing; mandate online filing and payments; establish tiered notice-and-cure procedures for delinquencies and registration deficiencies, during which entities may remain in good standing; deem registrations approved automatically after 10 days if no deficiencies are identified within that time period; and mandate administrative hearings before suspensions, revocations, and cease and desist orders.

Supporters contend the bill ensures constitutional safeguards for First Amendment-protected charitable solicitation and brings California in line with best practices from other states. DOJ writes to indicate they have a neutral position, are encouraged by ongoing productive negotiations, and have concerns with a few remaining provisions, including the 10-day deemed-approved provision.

Prolonged negotiations between CalNonprofits and the DOJ have yielded substantial progress in the form of two major sets of amendments, the second of which are proposed Committee amendments. Due to the complexity and extensiveness of the proposed amendments, this analysis focuses on the version of the bill that will be in print should the Committee pass the bill. The full text of the amended portions of the bill is set forth in Comment # 4.

EXISTING LAW:

- 1) Establishes the Supervision of Trustees and Fundraisers for Charitable Purposes Act. (Gov. Code § 12580 *et seq.*)

- 2) Defines:
- a) “Charitable fundraising platform” as a legal entity, with certain exceptions, that uses the internet to provide an internet website, service, or other platform that enables acts of solicitation, such as:
 - i) Providing lists or references of recipient charitable organizations to receive donations or grants or recommended donations made by donors who use the platform.
 - ii) Permitting persons who use the platform to solicit donations for or recommend donations to be granted to one or more recipient charitable organizations through peer-to-peer charitable fundraising.
 - iii) Permitting persons who use the platform to select one or more recipient charitable organizations to receive donations or grants of recommended donations made by a platform, platform charity, or other third party person, based on purchases made or other activity performed by persons who use the platform.
 - iv) Providing lists or references by name one or more recipient charitable organizations to receive donations or grants of recommended donations made by the platform based on purchases made or other activity performed by persons who use the platform.
 - v) Providing to charitable organizations a customizable internet-based website, software as a service, or other platform that allows charitable organizations to solicit or receive donations on or through the platform, including through peer-to-peer charitable fundraising. (Gov. Code § 12599.9(a)(1).)
 - b) “Platform charity” as a trustee or charitable corporation, with certain exceptions, that facilitates acts of solicitation on a charitable fundraising platform, including:
 - i) Soliciting donations through a charitable fundraising platform for itself from donors who use the charitable fundraising platform with the implied or express representation that the platform charity may grant donations to recipient charitable organizations.
 - ii) Granting funds to recipient charitable organizations based on purchases made or other activity performed by persons who use a charitable fundraising platform. (*Id.* at (a)(5).)
 - c) “Good standing” to mean that a platform charity, recipient charitable organization, or other charitable organization’s tax-exempt status has not been revoked by the Internal Revenue Service, or the Franchise Tax Board, and is not prohibited from soliciting or operating in the state by the Attorney General. (*Id.* at (a)(3).)
- 3) Provides that charitable fundraising platforms and platform charities are trustees for charitable purposes subject to the AG’s supervision. Before soliciting or enabling solicitations, requires that charitable fundraising platforms register with the AG’s Registry of Charities and Fundraisers. Registration must be renewed yearly. Platform charities must also register with the AG, and if they partner with charitable fundraising platforms, the platform

must promptly notify the AG's Registry of Charities and Fundraisers, except as specified. (*Id.* at (b).)

- 4) Requires charitable fundraising platforms and platform charities to file annual reports with the AG's Registry of Charities and Fundraisers to enable the AG to ensure compliance. (*Id.* at (c).)
- 5) Requires platform charities to have good standing in order to facilitate acts of solicitation on a charitable fundraising platform. Prohibits charitable fundraising platforms or platform charities from soliciting or enabling solicitations or receiving, controlling, or distributing donations for recipient charitable organizations or other charitable organizations that are not in good standing. Provides that charitable fundraising platforms and platform charities may determine good standing by relying on electronic lists periodically published by the IRS, FTB, and the AG's Registry of Charities and Fundraisers, provided that the lists are in a machine-readable structured data format. If an agency does not publish such a list, the charitable fundraising platform or platform charity is not required to comply with the verification requirement with respect to that agency while the list is unavailable. (*Id.* at (d).)
- 6) Requires charitable fundraising platforms and platform charities to provide certain disclosures to potential donors before they can complete the donation or select or change a recipient charitable organization. Includes a statement that a recipient charitable organization may not receive donations with an explanation identifying the most pertinent reasons why the charity may not receive the funds. (*Id.* at (e).)
- 7) Prohibits charitable fundraising platforms and platform charities from misusing donations and requires them to promptly ensure donations and grants of recommended donations are sent to recipient charitable organizations with an accounting of any fees imposed. (*Id.* at (h).)
- 8) Requires the AG to establish rules and regulations necessary for the administration of the provisions described above. (Gov. Code § 12599.10(a).)

THIS BILL:

- 1) Recasts the definition of "good standing" to include those organizations whose tax-exempt standing has been revoked by the Internal Revenue Service. Limits AG prohibitions on soliciting and operating in the state for purposes of good standing to those entities subject to a cease and desist order, delinquency, suspension, or revocation by the AG.
- 2) Deletes the provision enabling entities to determine good standing of recipient charities by relying on electronic lists periodically published by the IRS, FTB, and AG.
- 3) Adds in the currently-required disclosure in 6) above an explanation of what alternative disposition will occur for the funds, which may include, but is not limited to, a refund to the donor, redirection to an alternate recipient charitable organization of the donor's choice, or a redirection to an alternate recipient charitable organization of the charitable fundraising platform or platform charity's choice.
- 4) Recasts the requirement to promptly ensure donations are sent to recipient charitable organizations to additionally allow them to be promptly sent to an alternate recipient charitable organization, in accordance with required disclosures. This process must be in

accordance with rules and regulations adopted by the AG. Allows for donations that are \$10 or less to be refunded in accordance with disclosure requirements.

- 5) Requires an entity subject to online charitable fundraising requirements to submit required documents and fee payments through the Attorney General's online filing service in accordance with rules and regulations of the Attorney General. Requires, by January 1, 2028, the AG's online filing service and related system to support comprehensive electronic administration, including prompt confirmation and automated processing of filings, as specified.
- 6) Provides that the grounds for which a registration may become delinquent include, but are not limited to, failure to timely file periodic written reports or annual fundraiser reports and failure to timely pay late fees.
- 7) Requires, before a registration becomes delinquent, written notice to be sent to the registrant indicating the reason(s) for deficiency. If a responsive filing is not submitted within 60 days from the date of the notice, or a timely filing remains deficient, requires a second written notice to be sent to the registrant indicating the reason for deficiency. If a filing responsive to the second written notice is not submitted within 60 days from the date of the second notice, or a timely filing remains deficient, requires a third written notice to be sent to the registrant indicating that the registration has become delinquent.
- 8) Requires that if the AG's registry does not process a filing submitted by a person or entity who is not registered, or whose registration is expired or delinquent, within 10 days from the date of the filing, that the registration be deemed in good standing. If the filing is found deficient, requires a written notice to be sent to the registrant indicating the reasons for the deficiency. If a filing responsive to the notice is not submitted within 30 days from the date of the notice, requires the registration to revert to not being in good standing. If a responsive filing is submitted within 30 days from the date of the notice, the registration must remain in good standing. If the timely filing remains deficient, a second written notice must be sent to the registrant indicating the reasons for deficiency. If a filing responsive to the second notice is not submitted within 30 days from the date of the second notice, or the timely filing remains deficient, a third written notice shall be sent to the registrant indicating that the registration is not in good standing. States that this provision is not applicable to a person or entity that is not in good standing because the person or entity's registration is suspended, revoked, or the person or entity is subject to a cease and desist order.
- 9) Requires, before a person or entity's registration becomes suspended or revoked, or the person or entity is subject to a cease and desist order, that an administrative action be taken pursuant to existing law.

COMMENTS:

- 1) **Author's statement.** According to the author:

AB 2221 is the latest step in a seven-year effort to update and modernize California's online charitable giving laws. While implementation of AB 488 (2021) has been largely successful, it also produced unintended consequences. For example, some charities were removed from digital fundraising platforms due to minor clerical errors, preventing them from raising funds during critical periods. In addition, certain policy issues left to the regulatory process

have created challenges for both charities and fundraising platforms. AB 2221 addresses these issues to help complete the modernization of the law.

2) **Background.** *The rise of online giving.* The internet has drastically shifted the way people communicate, work, shop, and even donate. Many charities followed their for-profit counterparts in creating an online presence and began using third party fundraising platforms, such as GoFundMe and PayPal, to simplify the process of soliciting and collecting donations. However, charitable solicitation laws adopted before the internet did not have specific regulations that spoke to these fundraising platforms as they did for mail or telephone solicitations, leaving donors and charities vulnerable to potential abuses. For instance, some fundraising platforms were accused of withholding donations from charities.¹ Additionally, in 2020, PayPal Giving Fund settled a class action lawsuit that was filed by almost two dozen states claiming that the platform did not provide adequate transparency to donors about where donations were being sent.² All of these issues and others were amplified during the COVID-19 pandemic, when online fundraising became the primary source of donations for many charities.³

Past legislative efforts. Under California law, the AG oversees registered charities to ensure that funds received are properly managed and devoted to charitable programs. During her career, Assemblymember Irwin has spearheaded multiple legislative efforts to modernize the AG's general enforcement authority over third-party charitable solicitations. AB 556 (Irwin, Ch. 299, Stats. 2015) strengthened the AG's ability to enforce disclosure requirements for commercial fundraisers for charities by establishing a 10-year statute of limitations for enforcement actions against these commercial fundraisers. In 2018, Assemblymember Irwin introduced AB 2556, which would have added "charitable crowdfunding solicitations" to the AG's regulatory oversight. The bill was held in the Appropriations Committee. In 2019, Assemblymember Irwin introduced AB 1539, which would have required written consent from a charitable organization before its name can be used in online solicitation. The bill was held in the Privacy and Consumer Protection Committee. And in 2020, Assemblymember Irwin introduced AB 2208, the predecessor to AB 488. AB 2208 was held in the Senate Appropriations Committee.

AB 488. As stated by Assemblymember Irwin, "AB 488 is meant to address the recent growth of online charity giving platforms which has outpaced statute in a traditionally heavily regulated area of law. The bill provides new definitions to appropriately register, regulate and receive reports from these new entrants to the charitable solicitation field."

The bill established that charitable fundraising platforms and platform charities are trustees for charitable purposes, subject to the AG's supervision. "Charitable fundraising platform" refers to businesses that provide an online platform to Californians that enables acts of solicitation to occur. These acts can include soliciting donations intended for recipient charitable organizations, referencing charitable organizations to receive donations, permitting persons who use the platform to solicit donations intended for recipient charitable organizations, and providing a

¹ Zoe Ferguson, "PayPal faces class action over undelivered charity money," <https://www.abc.net.au/news/2017-03-01/paypal-faces-class-action-over-undelivered-charity-money/8316024>

² Linda J. Rosenthal, "PayPal Giving Fund Settles Big Case," <https://www.fplglaw.com/insights/paypal-giving-fund-settles-big-case/>

³ Abigail Morse, "5 Years Since COVID: How Fundraising's Changed and What It Means for You," <https://virtuous.org/blog/5-years-since-covid-how-fundraisings-changed-and-what-it-means-for-you/>.

customizable platform to charitable organizations to solicit or receive donations through the platform. Charitable fundraising platforms are therefore typically consumer-facing websites or platforms that solicit donations on behalf of charitable organizations. Examples include GoFundMe, PayPal, Meta, and Givebutter.

Charitable fundraising platforms often partner with “platform charities,” which are actual charities that facilitate acts of solicitation on a charitable fundraising platform. Platform charities can enable donations to be made on a charitable fundraising platform without the active participation of the recipient charity itself:

[T]he platform charity may be responsible for obtaining consent from other charities referenced on a charitable fundraising platform for solicitation purposes, may receive and hold donations made on the platform, may provide tax donation receipts to those who made donations on the platform, may determine whether charities referenced in solicitations are eligible to be sent donations, and may send donations to the charities referenced in solicitations, among other responsibilities. Thus, it is possible that charities may not be actively involved in solicitations through charitable fundraising platforms, and that charities may not directly receive donations made through them. In some instances, charities may not have consented to the solicitations.⁴

For instance, PayPal is a registered charitable fundraising platform whereas PayPal Giving Fund, a registered 501(c)(3) that partners with PayPal to collect donations on behalf of recipient charitable organizations, is considered a platform charity.

AB 488 restricts platform charities and charitable fundraising platforms from soliciting or assisting with donations on behalf of charitable organizations that are in “good standing” – that is, the organization’s tax-exemption status has not been revoked by the Internal Revenue Service (IRS) or Franchise Tax Board (FTB), and the organization is not prohibited from soliciting or operating in the state by the AG. Platform charities must also register with the AG, and any partnership between platform charities and charitable fundraising platforms must be disclosed to the AG. Additionally, charitable fundraising platforms and platform charities must file annual reports with the AG’s Registry of Charities and Fundraisers (Registry) to ensure compliance, and these entities are required to provide conspicuous disclosures to potential donors prior to completion of the donation. These entities are prohibited from misusing donation funds and must promptly ensure that donations and grants are sent to recipient charitable organizations with an accounting of any fees imposed.

As described above, AB 488 was the culmination of an intensive, multi-year engagement with diverse stakeholders to address multiple concerns from differing parties, garnering large-scale support from multiple stakeholders. AB 488 was sponsored by Attorney General Rob Bonta, whose office said of the bill:

AB 488 would enable the Attorney General to exercise proper supervision over Internet platform operators. First, the bill ensures a level playing field for all platforms, regardless of business model, by defining two new groups of entities, “charitable fundraising platforms” and “platform charities” that are subject to the Act. This bill would also require platform entities to provide meaningful and conspicuous disclosures on the platforms, promptly distribute donations made

⁴ California Department of Justice, Attorney General’s Guide for Charities (Sep. 26, 2024) p. 76, <https://oag.ca.gov/system/files/media/Guide%20for%20Charities.pdf>.

through platforms, and prohibit solicitations for charities not in good standing with the Attorney General’s Registry. Third, AB 488 would permit some instances of soliciting for a charity without prior consent if certain criteria that safeguard against harm to charities and the public are met. Finally, the bill would authorize the AGO to promulgate regulations to require donor notification and reporting requirements, and to encourage transparency and accountability.

Attorney General Bonta is proud to sponsor AB 488, and reaffirms his commitment to promote transparency, guard the public from fraud or misrepresentation, and ensure a level playing field.

The California Association of Nonprofits, which supported the bill, stated that: “AB 488 is closely aligned with CalNonprofits’ online fundraising principles and will provide much-needed oversight of online fundraising platforms.”

PayPal, which also supported the bill, stated that:

During these unprecedented times, the work and vital services provided by non-profits and charities are needed by the public more than ever. Innovative policies and timely resources will ensure that these necessary relief efforts continue through the challenging times ahead. Responding charities and non-profits are in urgent need of the funding we, and other platforms like ours, can provide. We believe AB 488 provides a path forward to offer California charities and non-profits a critical source of funding.

AB 488 was signed into law in 2021 and became operative January 1, 2023. The AG’s office issued final regulations on AB 488 in March 2024.⁵ The regulations define various terms, set forth registration and filing requirements, specify the requirements for certain forms, establish procedures for solicitation and disbursement of donations, and require disclosures in certain circumstances. In September 2024, the AG’s office released updated guidelines for charities that provided an overview of the regulatory requirements for charitable fundraising platforms.⁶

Challenges with the good standing requirement. As mentioned above, AB 488 restricts platform charities and charitable fundraising platforms to enabling solicitations or assisting with donations for charitable organizations that are in “good standing” – that is, the organization’s tax-exempt status must not have been revoked by the IRS or the FTB, and the organization cannot be prohibited from soliciting or operating in the state by the AG. Charitable fundraising platforms and platform charities may determine good standing by relying on electronic lists periodically published by these agencies, provided that the lists are in a machine-readable structured data format.

According to some stakeholders, AB 488’s good-standing requirement has inadvertently placed charitable fundraising platforms in a difficult position.⁷ These stakeholders report that the AG’s list of charities that are barred from operating in California, which is updated every two weeks,

⁵ State of California Office of Administrative Law, Notice of Approval of Regulatory Action (Mar. 26, 2024), <https://oag.ca.gov/system/files/media/pf-oal-approval-letter.pdf>.

⁶ California Department of Justice, Attorney General’s Guide for Charities (Sep. 26, 2024), <https://oag.ca.gov/system/files/media/Guide%20for%20Charities.pdf>.

⁷ California Center for Nonprofit Law, “Charities Blocked from Receiving Online Donations for Failing to Meet CA Good Standing Requirement,” <https://npolawyers.com/blog/charities-blocked-from-receiving-online-donations-for-failing-to-meet-ca-good-standing-requirement/>.

often contains charities that have committed relatively minor transgressions, such as failing to file an annual registration form on time. These charities are frequently unaware of their ineligibility. Meanwhile, platforms often must take corrective action with respect to donations intended for ineligible charities, including seeking an acceptable alternative charity within specified regulatory timelines. As this process is unfolding, the original charity may have restored its good standing, although its updated status will not be reflected until a new list is issued.⁸ This process can leave charities in the lurch and frustrate donor intent.⁹

These concerns, among others, were articulated by a range of stakeholders at this Committee's Outcomes Review hearing on AB 488 earlier this year. This bill was introduced shortly thereafter.

3) What this bill would do. *Good standing requirement.* Existing law does not place any express procedural restrictions on the AG's ability to revoke good standing, leading to a massive backlog of entities being unable to fundraise due to minor administrative errors. This bill limits the AG's ability to change an entity's good standing to instances in which the entity is subject to a cease and desist order, delinquency, suspension, or revocation pursuant to newly established notice-and-cure procedures described below. Additionally, the bill removes an organization's tax-exempt status with the IRS as a factor in good standing. An organization's status can still affect good standing if the FTB changes the status.

Changes regarding alternative dispositions for donations. Existing law requires, among other disclosures, a statement that a recipient charitable organization may not receive donations with an explanation identifying the most pertinent reasons why the charity may not receive the funds. This bill adds to that disclosure an explanation of what alternative disposition will occur for the funds, which may include, but is not limited to, a refund to the donor, redirection to an alternate recipient charitable organization of the donor's choice, or a redirection to an alternate recipient charitable organization of the charitable fundraising platform or platform charity's choice.

Additionally, existing law prohibits charitable fundraising platforms and platform charities from misusing donations and requires them to promptly ensure donations are sent to recipient charitable organizations with an accounting of any fees imposed. This bill would additionally allow donations to be promptly sent to an alternate recipient charitable organization, in accordance with required disclosures. This process must be in accordance with rules and regulations adopted by the AG. Additionally, the bill allows for donations that are \$10 or less to be refunded in accordance with disclosure requirements.

These provisions are supported by platforms, including PayPal, which writes that "author[izing] charitable fundraising platforms and platform charities to refund or redirect (with or without donor consultation) donations if the original recipient charity is not in good standing, which provides much-needed flexibility for platforms and platform charities."

⁸ Karen I. Wu, "Has Your Organization been Blocked by Charitable Fundraising Platforms? It is likely due to California's new 'Good Standing' requirement," <https://perlmanandperlman.com/ab488-good-standing/>.

⁹ To reduce delay and uncertainty in ascertaining good standing, in 2025, Assemblymember Irwin introduced AB 576, which would have enabled charitable fundraising platforms and platform charities to rely on application programming interfaces provided by the IRS, FTB, or AG. This would have allowed for real-time updates on good standing, reducing friction and uncertainty in online charitable giving. However, the bill was held in the Appropriations Committee.

Mandated online filing and payments. The AG is the process of adopting an online filing service, a long-overdue modernization. This bill requires an entity subject to online charitable fundraising requirements to submit required documents and fee payments through the Attorney General’s online filing service in accordance with rules and regulations of the Attorney General. The bill also requires, by January 1, 2028, the AG’s online filing service and related system to support comprehensive electronic administration, including prompt confirmation and automated processing of filings, as specified.

Notice-and-cure procedures for delinquency. Existing law allows for entities to be deemed delinquent without sufficient notice and process. The bill expressly provides that the grounds for which a registration may become delinquent include, but are not limited to, failure to timely file periodic written reports or annual fundraiser reports and failure to timely pay late fees. Before a registration becomes delinquent, written notice must be sent to the registrant indicating the reason(s) for deficiency. The registrant has 60 days to respond. If the issue is not resolved during that window, a second notice must be sent, leading to another 60-day grace period. If, again, the issue is not resolved, a third notice must be sent to the registrant indicating the registration has become delinquent.

10-day deemed-approved window for filings. For entities that are otherwise in good standing, the bill provides, if the AG fails to process a registration or re-registration within 10 days of the filing, the registration must be deemed to be in good standing. This 10-day period remains a point of contention between CalNonprofits and DOJ. CalNonprofits points to other states that use 10 or 15 day-periods and assert this period is necessary to ensure the constitutionality of these procedures, pointing to *Riley v. National Federation of the Blind*,¹⁰ which found that indefinite processing times unconstitutionally infringe on charitable solicitations – a protected speech right – and that states must act within a “specified brief period.”¹¹ The case does not, however, establish a specific timeframe that satisfies this requirement. DOJ contends that 10 days is administratively unworkable given the large volume of filings California has.

If the filing is found deficient, the bill would require two 30-day notice-and-cure windows. During these periods, if the registrant submits a responsive filing, they will remain in good standing. If the issue is not resolved in those two windows, the AG must send written notice indicating the registration is not in good standing.

Administrative hearing requirement. The bill also requires, before a person or entity’s registration becomes suspended or revoked, or the person or entity is subject to a cease and desist order, that an administrative action be taken pursuant to existing law.

4) **Amendments.** Prolonged negotiations between CalNonprofits and the DOJ have thus far yielded substantial progress in the form of two major sets of amendments, the second of which will be adopted as Committee amendments, described below:

Amendment 1: Amend section 12599.9(a)(3) as follows:

(3) “Good standing” means that a platform charity, recipient charitable organization, or other charitable organization’s tax-exempt status standing has not been revoked by the Internal

¹⁰ (1988) 487 U.S. 781.

¹¹ *Id.* at p. 802, quoting *Freedman v. Maryland* (1965) 380 U.S. 51, 59.

Revenue Service, or the Franchise Tax Board, or the charity or organization is not prohibited from soliciting or operating in the state by the Attorney General on the basis of a cease ~~an~~ **and** desist order, delinquency ~~pursuant to the procedure contained in Section 12599.11,~~ suspension, or revocation by the Attorney General's office **pursuant to the procedures in Section 12599.12.**

Amendment 2: Strike section 12599.9(d)(2)(B). This provision would have exempted from the good standing requirements charitable organizations that are not required to register in California. The intent is to enable fundraising for certain out-of-state organizations, but this raised concerns if, for instance, an exempt charity is subject to a cease-and-desist order for fraudulent activity. The author has indicated an intent to work on a narrower approach with all interested stakeholders.

Amendment 3: Amend section 12599.10(a)(4)(A) as follows:

(ii) For charitable fundraising platforms as defined in subparagraph (C) or (D) of paragraph (1) of subdivision (a) of Section 12599.9, the length of time to send ~~donations or grants of recommended donations~~ **donated funds** to the recipient charitable organization shall be no less than on a quarterly basis and **may be** subject to any minimum **threshold** amounts, not to exceed ten dollars (\$10), as disclosed pursuant to paragraphs (2) and (3) of subdivision (e) of Section 12599.9. **Donated funds not meeting a minimum threshold amount shall be sent** Regardless of the minimum amount, ~~donations or grants of recommended donations~~ to the recipient charitable organization ~~shall be sent~~ after four consecutive quarters, unless the recipient charitable organization is not eligible to receive the funds, as disclosed pursuant to paragraphs (2) and (3) of subdivision (e) of Section 12599.9.

(iii) For charitable fundraising platforms as defined in subparagraph (A) or (B) of paragraph (1) of subdivision (a) of Section 12599.9, the length of time to send donated funds to the recipient charitable organization may be subject to any minimum threshold amount not to exceed ten dollars (\$10), as disclosed pursuant to paragraphs (2) and (3) of subdivision (e) of Section 12599.9. Donated funds not meeting a minimum threshold amount shall be sent to the recipient charitable organization within 12 months after a donation is made, unless the recipient charitable organization is not eligible to receive the funds, as disclosed pursuant to paragraphs (2) and (3) of subdivision (e) of Section 12599.9.

Amendment 4: Strike section 12599.11 and replace it with the following language:

12599.11. A person or entity subject to this article that is required to file registration, reporting, or other submissions with the Attorney General's Registry of Charities and Fundraisers, including the submission of supporting documents and payment of fees, shall do so through the Attorney General's online filing service in accordance with rules and regulations of the Attorney General. By January 1, 2028, the Attorney General's online filing service and related systems shall also support comprehensive electronic administration, including prompt confirmation and automated processing of filings required by Sections 12585 and 12586.

Amendment 5: Add a new section 12599.12:

(a) The grounds for which a registration may become delinquent include, but are not limited to:

(1) Failure to timely file completed periodic written reports as required by Section 12586.

(2) Failure to timely file completed annual fundraiser reports as required by Section 12599.9, subdivision (c).

(3) Failure to timely pay late fees as required by Section 12586.1.

(b) Before a person or entity's registration becomes delinquent, written notice shall be sent to the registrant indicating the reason(s) for deficiency. If a filing responsive to the notice is not submitted within 60 days from the date of the notice, or a timely filing remains deficient, a second written notice shall be sent to the registrant indicating the reason(s) for deficiency. If a filing responsive to the second notice is not submitted within 60 days from the date of the second notice, or a timely filing remains deficient, a third written notice shall be sent to the registrant indicating that the registration has become delinquent.

(c) If the Attorney General's Registry of Charities and Fundraisers does not process a filing submitted by a person or entity who is not registered or whose registration is expired or delinquent within 10 days from the date of filing, the registration shall be deemed in good standing. If the filing is found deficient, a written notice shall be sent to the registrant indicating the reasons for deficiency. If a filing responsive to the notice is not submitted within 30 days from the date of the notice, the registration shall revert to not being in good standing. If a filing responsive to the notice is submitted within 30 days from the date of the notice, the registration shall remain in good standing. If the timely filing remains deficient, a second written notice shall be sent to the registrant indicating the reasons for deficiency. If a filing responsive to the second notice is not submitted within 30 days from the date of the second notice, or the timely filing remains deficient, a third written notice shall be sent to the registrant indicating that the registration is not in good standing. The process set forth in this subdivision is not applicable to a person or entity that is not in good standing because it is suspended, revoked, or subject to a cease and desist order.

(d) Before a person or entity's registration becomes suspended or revoked, or the person or entity is subject to a cease and desist order, an administrative action shall be taken in accordance with Article 3 (commencing with Section 336) of Chapter 4 of Division 1 of Title 11 of the California Code of Regulations.¹²

These amendments are the product of extensive stakeholder negotiations and represent a significant step forward. It is understood that this process will continue as stakeholders seek to reach a final consensus. In this regard, the Office of Attorney General Rob Bonta writes:

I write to inform you that California Department of Justice (DOJ) has no official position on AB 2221 (Irwin) at this time, and that we have been in regular and good faith discussions with the author and CalNonprofits (CNP), the bill sponsor, to try to facilitate agreement on certain issues in the bill that are of high priority for DOJ, CNP, and the author.

Because of these efforts, we have reached agreement on a number of proposed amendments to the bill that reflect the collaborative nature of the talks. There is more progress to be made, however, as we have not yet come to a consensus on certain provisions affecting

¹² The amendments may include any technical, nonsubstantive changes recommended by the Office of Legislative Counsel.

requirements of charitable fundraising platforms under Section 1 of the bill. And we have not reached agreement yet on the length of time after filing (currently specified as 10 days) in which a registration is deemed approved under Sec. 4 of the bill.

The purpose of this letter is to note for the record that DOJ will continue to engage with the author and sponsor to discuss and resolve outstanding issues, and to convey that the level of progress to date has been encouraging.

ARGUMENTS IN SUPPORT: CalNonprofits, sponsors of the bill, write:

Foundational changes to the law governing the Registry’s operations are long overdue and remain a top priority for California’s nonprofit sector. AB 2221’s reforms present the opportunity to evolve the DOJ’s approach into one that better supports nonprofits while still robustly protecting donor assets. California must – and can – do better to promote nonprofit compliance with Registry registration and renewals in a manner that is fair, efficient, and without excessive administrative barriers that impair nonprofits’ ability to fundraise and operate. AB 2221’s comprehensive and immediate reforms address Registry issues that have long plagued the nonprofit sector. AB 2221 also tackles critical unintended consequences associated with AB 488 (2021), which CalNonprofits helped to negotiate to support the state’s transparency and fraud deterrence goals.

TechNet writes in support:

Impact on Digital Platforms and Innovation

Technology platforms that facilitate charitable giving are directly affected by these inefficiencies. Platforms must verify nonprofit eligibility through the DOJ’s “May Not Operate or Solicit” list before allowing fundraising or disbursing funds.

Because of delays and communication gaps, nonprofits may experience sudden suspension of online fundraising, often as the first indication of a compliance issue. This creates uncertainty for platforms, nonprofits, and donors alike, and undermines trust in digital giving ecosystems.

AB 2221 addresses these concerns by establishing clear timelines and procedural safeguards that improve reliability for all stakeholders, including the technology platforms that support charitable fundraising at scale.

Key Reforms

AB 2221 introduces several important improvements:

- **Defined Review Timelines:** Requires the Registry to review filings within 10 business days and notify organizations of deficiencies within that timeframe.
- **Default Approval Mechanism:** Deems compliant filings approved if no response is provided within the review period, allowing nonprofits to proceed without disruption.
- **Grace Period Protections:** Provides nonprofits with 30 days to correct errors before losing “good standing.”
- **Targeted Enforcement:** Limits severe penalties, such as “may not operate” status, to serious violations rather than minor administrative issues.

These reforms align California with national best practices and reduce unnecessary administrative burdens that currently hinder both nonprofit operations and the digital tools that support them.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Nonprofits (Co-Sponsor)

Candid.

Globalgiving Foundation, INC.

Gofundme, INC.

League of California Community Foundations

Paypal

Technet

The Nonprofit Alliance

Opposition

None on file.

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