

April 9, 2018

The Honorable Jacqui Irwin
State Capitol
Sacramento, CA 95814

RE: Concerns about Assembly Bill 2556

Dear Assemblymember Irwin,

California Association of Nonprofits (CalNonprofits), a statewide policy alliance of more than 10,000 organizations, is the voice for California's nonprofit community. Through our advocacy work, we protect and enhance the ability of California's nonprofits to serve our state, the nation and the world. I am writing about concerns that CalNonprofits has regarding Assembly Bill 2556.

Crowdfunding is a new and growing source of income for nonprofits, and we understand that California needs updated laws to address this fundraising opportunity. However, in its present form, AB 2556 raises questions that the bill does not adequately answer. We have flagged some specific concerns:

- AB 2556 currently states as one of the requirements that the crowdfunding solicitor "conspicuously discloses that the charitable organization may not receive the charitable contribution..." In previous discussions, we noted that this is a primary worry of donors, who want assurance that their charitable contributions get to the charity they have identified. The notion that every donor must also name an alternative recipient seems clumsy and unworkable. For instance, what would happen if the funds could not be delivered to the alternative organization? A better system needs to be designed to guarantee a transparent process that ensures that a donor's designations are prioritized.
- In its present form, AB 2556 still does not state a limit for how many days a crowdfunding solicitor for charitable purposes must provide the donation to the charitable organization after its receipt of the contribution. The long delays in the transfer of these funds has been an ongoing complaint of both donors and charities. We would suggest that 15 days is an adequate amount of time to accomplish this.
- The definition of a "charitable crowdfunding solicitation" is too vague, and it is unclear whether it would encompass entities such as donor-advised funds and giving circles.

To our knowledge, this is the first time that serious changes in law have been proposed to incorporate specific concerns about crowdfunding. More time is needed for all impacted stakeholders, such as representatives of the philanthropic sector and United Ways, to be identified so they can fully analyze and flag implications of this bill from their perspective. We hope you will be willing to explore a more comprehensive look at this complex issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Masaoka", with a long horizontal flourish extending to the right.

Jan Masaoka,
CEO, California Association of Nonprofits

cc: Jennifer Fearing, Sacramento Advocate, California Association of Nonprofits