

January 25, 2021

The Honorable Fred Patton, Chairperson
House Committee on Judiciary
Statehouse, Room 519C-N
Topeka, Kansas 66612

Dear Representative Patton:

SUBJECT: Fiscal Note for HB 2080 by House Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2080 is respectfully submitted to your committee.

HB 2080 would amend the Charitable Organizations and Solicitations Act to transfer all rules, regulations, orders, directives, duties, and functions of the Act on June 30, 2021, from the Office of the Secretary of State (OSS) to the Office of the Attorney General (OAG). The bill would increase the annual registration fee that all charitable organizations pay from \$20 to \$25 and require each professional fundraiser or professional solicitor to pay a \$25 annual registration fee. All reciprocal agreements related to the Charitable Organizations and Solicitation Act would also be transferred from the OSS to the OAG and the bill would establish the Charitable Organizations Fee Fund (COFF) within the Attorney General's Office. The bill would also make a number of technical corrections.

According to the OAG, in FY 2020 the OSS reported 3,915 charitable organizations and 1,214 professional fundraisers/solicitors registered with the agency. Current law establishes a \$20 registration fee for charitable organizations which is remitted by the OSS to the State General Fund. In addition, the OSS assesses a \$5 technology fee and a \$10 administrative fee set by regulation. The bill would eliminate these two fees retained by the OSS and cause a decrease to the State General Fund (SGF) of \$78,300 (3,915 registered organizations X \$20 registration fee). While there is no statutory registration fee currently assessed to professional fundraisers/solicitors, the OSS assesses a \$25 administrative fee set by regulation. The transfer of this fee from an OSS regulatory fee to a statutory fee paid to the COFF would not result in a decrease in revenue to the SGF.

The OAG states that enactment of HB 2080 would result in both an increase in revenues and an increase in expenditures for the agency. The bill proposes to set the registration fee for

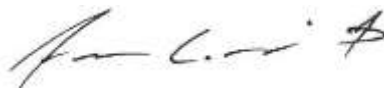
both charitable organizations and professional fundraisers/solicitors at \$25, which will be paid to the COFF established by the bill in the OAG. The total registration fees would be expected to generate approximately \$128,225 to the fee fund (3,915 registered organizations + 1,214 professional fundraisers/solicitors X \$25) which would be used to manage the registration program as well as to pay the expenses associated with enforcement of the Charitable Organizations and Solicitations Act.

The OAG expects to add 1.00 FTE position to manage this program. The cost of the salary and benefits for this position would be \$73,363 annually. In addition, the agency anticipates an additional \$15,765 annually in other expenses, including office rent, furnishings, computer equipment and other supplies. Of that cost, \$2,839 would be for one-time startup costs for the program, while the remainder would be for ongoing expenses.

The balance of the receipts to the fund would be used to offset a portion of the salaries of investigators and attorneys who currently investigate and enforce violations of the Charitable Organizations and Solicitations Act. These positions are currently subsidized by other agency funds. Some of the funds could also be used for increased public awareness and education regarding fraudulent charities and the requirements of the Charitable Organizations and Solicitations Act.

The OSS indicates that KSA 17-1763(e) requires payment of a \$20 registration fee by charitable organizations. While the law does not specify how the fee is distributed, the agency deposits it into the SGF. The fiscal information provided by the OSS concurred with the information provided by the OAG. Thus, it appears that the loss of technology and administrative fees paid by charitable organizations and professional fundraisers/solicitors would result in a reduction to revenue of \$89,075 $((\$5 + \$10 \times 3,915) + (\$25 \times 1,214))$. It is not possible to estimate what the reduction to expenditures would be. Any fiscal effect associated with HB 2080 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Sandy Tompkins, Office of the Secretary of State
Willie Prescott, Office of the Attorney General