
THIRD READING

Bill No: AB 2221
Author: Irwin (D)
Amended: 4/23/26 in Assembly
Vote: 21

SENATE JUDICIARY COMMITTEE: 13-0, 6/23/26

AYES: Umberg, Niello, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern, Valladares, Wahab, Weber Pierson, Wiener

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26

AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 73-0, 5/22/26 - See last page for vote

SUBJECT: Supervision of Trustees and Fundraisers for Charitable Purposes Act

SOURCE: CalNonprofits

DIGEST: This bill makes various changes to the Supervision of Trustees and Fundraisers for Charitable Purposes Act, including requiring registration, reporting, or other submissions to the Attorney General (AG) to be done through the AG's online filing service, specifying grounds for which a registration may become delinquent, and providing that if the AG does not process a filing or registration within 10 days it is deemed in good standing.

ANALYSIS: Existing law:

- 1) Establishes the Supervision of Trustees and Fundraisers for Charitable Purposes Act (Act) under the supervision of the Attorney General (AG). (Government [Gov.] Code §§ 12580-12599.8.)
- 2) Requires the AG to maintain a register of charitable corporations, unincorporated associations, and trustees subject to the Act and of the particular trust or other relationship under which they hold property for charitable purposes. (Gov. Code §§ 12584.)

- 3) Requires, generally, every charitable corporation, unincorporated association, and trustee subject to the Act to file with the AG periodic written reports, under oath, setting forth information as to the nature of the assets held for charitable purposes and the administration thereof by the corporation, unincorporated association, or trustee, in accordance with rules and regulations of the AG. Requires the AG to make rules and regulations as to the time for filing reports, the contents thereof, and the manner of executing and filing the reports. (Gov. Code § 12586(a) & (b).)
- 4) Provides that charitable fundraising platforms and platform charities are trustees for charitable purposes subject to the AG's supervision. Before soliciting or enabling solicitations, charitable fundraising platforms are required to 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 (Registry), except as specified. (*Id.* at (b).)
- 5) Requires charitable fundraising platforms and platform charities to file annual reports with the Registry to enable the AG to ensure compliance. (*Id.* at (c).)
- 6) 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 Internal Revenue Service (IRS), Franchise Tax Board (FTB), and the Registry, 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).)
- 7) 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).)

- 8) 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).)
- 9) 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) Provides that, before a person or entity's registration becomes delinquent, written notice shall be sent to the registrant indicating the reason or reasons for deficiency.
 - a) 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 or reasons for deficiency.
 - b) 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.
- 2) Provides that, if the 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 filing, the registration shall be deemed in good standing.
 - a) If the filing is found deficient, a written notice shall be sent to the registrant indicating the reasons for deficiency.
 - b) 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.
 - c) 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.
 - d) If the timely filing remains deficient, a second written notice shall be sent to the registrant indicating the reasons for deficiency.
 - e) 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.

- f) This process 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.
- 3) Requires an administrative action to be taken in accordance with specified regulations governing administrative enforcement of the Act before a person or entity's registration becomes suspended or revoked or the person or entity is subject to a cease-and-desist order.
 - 4) Provides that the grounds for which a registration may become delinquent include, but are not limited to:
 - a) failure to timely file completed periodic written reports;
 - b) failure to timely file completed annual fundraiser reports; and
 - c) failure to timely pay late fees.
 - 5) Requires submissions with the Registry to be made through the AG's online filing service, which is expected to be operational by the end of this year. By January 1, 2028, the AG's online filing service and related systems are required to support comprehensive electronic administration, including prompt confirmation and automated processing of filings.
 - 6) Makes changes to requirements for how a charitable fundraising platform or platform charity is to promptly ensure donations and grants of recommended donations are disposed of.
 - 7) Defines "good standing" to mean that a platform charity, recipient charitable organization, or other charitable organization's tax-exempt standing has not been revoked by the FTB, or the charity or organization is not prohibited from soliciting or operating in the state by the AG on the basis of a cease and desist order, delinquency, suspension, or revocation.
 - 8) 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.

Comments

The AG has oversight of charities operating in the state to ensure that funds received are properly managed and devoted to charitable programs. Charities are required to annually file reports with the AG's Registry of Charities and Fundraisers (Registry) to ensure compliance with the Act, including specified financial documents. In 2021, AB 488 (Irwin, Ch. 616, Stats. 2021) was enacted to expand the AG's oversight to platform charities and charitable fundraising platforms in response to the increase in online donations being collected and the advent of websites such as GoFundMe. A major component of AB 488 was prohibiting platform charities and charitable fundraising platforms from soliciting or assisting with donations on behalf of charitable organizations that are not in good standing. Good standing means that the charity's tax-exemption status has not been revoked by the IRS or FTB, and the organization is not prohibited from soliciting or operating in the state by the AG. Registering with the Registry, filing all annual paperwork, and getting AG approval is required to be in good standing. Under AB 488, charitable fundraising platforms and platform charities may determine good standing by relying on electronic lists periodically published by the IRS, FTB, or AG, provided that the lists are in a machine-readable structured data format. The AG's list of charities that are barred from operating in California is updated every two weeks.

The proponents of this bill argue that the good standing requirement in AB 488 has led to various unintended consequences for charities, as charities can lose their good standing status from the AG for technical issues related to missing filing deadlines or required forms, even when there are no concerns that the charity is acting fraudulently. The loss of good standing affects their ability to continue to receive donations online and can also affect their ability to continue to receive grants. One such example provided to the Committee was related to the World Central Kitchen (WCK) a world-renowned charity that is respected for providing chef-prepared meals to communities impacted by natural disasters and humanitarian crises. In April 2024, WCK lost its good standing status because of filing delays and paperwork issues. There were no allegations by the AG that WCK was acting improperly or misusing funds. In order to address this issue, WCK staff had to divert their resources and time to remedy the technical issues with the AG and lost millions of dollars in donations during this period all while in the midst of several active responses worldwide.

The loss of good standing can also affect a charity's ability to receive grants, which is what happened to Fresno Building Healthy Communities (FBHC). According to the sponsor of the bill, FBHC was required by the federal government to complete a complex "single audit" for two fiscal years as a result of being a recipient of COVID-relief funds. This process inhibited FBHC from finalizing their Form 990,

which is required to be provided to the AG. FBHC received an extended IRS filing deadline for their Form 990, but the AG's office denied their request to submit all other required paperwork during their annual filing with the finalized Form 990 to follow. FBHC was marked delinquent in the Registry and had a "may not operate" status. This led to a major funder of FBHC notifying them that a grant renewal payment could not be funded due to their status, which had an immediate impact on program funding. FBHC rushed its audit through and sent all required paperwork to the AG in June 2025; however, due to delay of processing paperwork their status was not changed until September 2025. FBHC was also informed that they were denied a California Community Reinvestment Grant from GO-Biz due to their status on the registry. This eight-month inability to fundraise or receive grants severely impacted the charity, even though they were never found to be acting in a manner detrimental to the public.

This bill seeks to address the issue raised above in several ways. Most importantly, it provides that if the 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 filing, the registration will be deemed in good standing. This essentially allows charities to be deemed good actors by the state unless proven otherwise. This bill establishes a framework that would allow charities to be notified when there are errors in their submissions and provided an opportunity to correct those errors before their standing can be changed.

The sponsor of this bill points to a U.S. Supreme Court case to bolster their revisions to the Registry process, arguing that the current regulatory framework may very well be unconstitutional. In *Riley v. National Federation of the Blind* (hereafter *Riley*) the U.S. Supreme Court found that charitable solicitation was protected under the First Amendment in a similar manner to political or religious speech, and therefore strict scrutiny would apply to any state law or regulation of charitable solicitations.¹ In the *Riley*, case the court noted that protecting the public from fraud could be considered a substantial interest if the regulation was narrowly tailored.² However, the court further noted that "the First Amendment does not permit the State to sacrifice speech for efficiency" and that a statute cannot permit a delay in issuing a permit without any time limit if it will limit protected speech (such as charitable solicitation).³ The court noted that a regulatory system that permits solicitation as soon as an application is filed permits speech, but one that permits delay without limit silences speech.⁴

¹ *Riley v. National Federation of the Blind* (1988) 487 U.S. 781 at 789.

² *Id.* at 792.

³ *Id.* at 802.

⁴ *Ibid.*

This bill revises the definition of “good standing” to provide that it is revoked only following a final cease-and-desist order, suspension, or delinquency notice after following the framework for notice and an opportunity to correct. This bill also removes the organization’s tax-exempt status with the IRS as a consideration of good standing. The proponents of this bill argue this framework provides more due process to charities in the state as they would be presumed to be in good standing unless the AG was able to demonstrate otherwise after an administrative hearing that provides for notice and opportunity to be heard. This bill makes various other changes to the Act.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

The Senate Appropriations Committee analysis states “[e]stimated \$830,000 in FY 2026-27 to the Charitable Trusts Section of DOJ for limited-term, increased workload and an external consultant to maintain the online filing service. These services would be to assist a person or entity that is required to file registration, reporting, or other submissions with the registry (Registry of Charitable Trusts Fund).”

SUPPORT: (Verified 8/13/26)

CalNonprofits (source)

805 Undocufund

A Faery Hunt Inc.

About Productions

Ace Los Angeles

Adventure Risk Challenge

Advocates for the Environment

Affinity Fundraising Registration

African-American Shakespeare Company

Alliance for Change

Allmed of Los Angeles Inc.

American Institute of Architects Monterey Bay

Armenian Museum of Fresno

Arts Habitat

Ascend Wilderness Experience

Associates of Idyllwild Arts Foundation

Atheists United

Axiom Repertory Theatre

Ballet Afsaneh Art & Culture Society

Bay Area Creative

Bay Area Theatresports DbA Bats Improv
Baykeeper
Beta Alpha Mu Inc.
Big Brothers Big Sisters Northern Sierra
Black Humboldt
Books by Rachel
Boys & Girls Clubs of Mid Central Coast
Buddhanusorn Inc.
Buen Vecino
C.O.P.E. Family Support Center, Inc.
Cakecutter Institute
California Affordable Lodging Solutions (CALS)
California Association of Nonprofits
California Bicycle Coalition
California Mountain Biking Coalition
California Parenting Institute
California Society of Association Executives
California Womens Recovery Inc.
Cambodia Town
Cameo Network
Capital Stage
Captain Care Shelter Intervention
Carpinteria Children's Project
Casa Youth Shelter
Catalyst of San Diego & Imperial Counties
Celiac Disease Foundation
Center for Nonprofit Leadership
Centro Legal De LA Raza
Chimineas Ranch Foundation
Claremont Meals on Wheels
Coachella Valley Classical Voices
Coleman Advocates for Children & Youth
Community Resource Project
Concerned Off-road Bicyclists Association
Confronting Domestic Violence
Creative Crisis Leadership
Cultural Heritage Imaging
Davis East Consulting
Domanger Alternative to Violence Program
Duc Learning Center

Echoher
Entrenous Community Empowerment
Esperance Center
Eureka Symphony
Every Day Action
Exclusively First Responders
Eyeshine.org
Family Community Inc.
Family Service Association
Fandom Charities Inc.
Feed My Flock Inc.
Foodshare Ventura County
Forests Forever
Friends of Auburn Ravine
Friends of Avila Pier (FOAP), Inc.
Friends Outside
Generation Music & Arts Academy
Ghost Pine Native Plant Nursery
Gidan Karan Dawa-youth Development Initiatives
Girls on the Run Inland Empire
Global Climate Collective
GoFundMe, Inc.
Haitelmex Foundation Inc.
HRTC
I.M.A.G.E. Makers Academy
Idyllwild Forest Health Project
Imperial Beach Arts Bureau
Innocent Voices
Institute for Rural Psychedelic Care
Jewish Family Service of San Diego
Jon R. Parsons Law Firm
Joseph & Co.
Justice At Last
Kids Kasa Foster Care
Kitka, Inc.
Kitty's Wildlife Refuge & ResCue 501(c)3
LA Forward
Lavender Computing Collective, Inc.
Learning Rights Law Center
LegacyMakers

Livable City
Live Abundant My Beloved
Livermore Art Association
Livermore Chamber of Commerce
Long Beach Gray Panthers
Los Angeles Neighborhood Initiative
Los Angeles Police Museum
Los Angeles Robotics
Lucky Penny Productions
Lumina Alliance
Making Hope Happen Foundation
Mavericks Community Foundation
Meadowview Urban Tree Project
Meals On Wheels Diablo Valley Region
Mendo Food Network
Mesa, Inc.
Microenterprise Collaborative of Inland Southern California
Middletown Art Center
Mission Scholars
Monterey Off Road Cycling Association (MORCA)
Monteverde School
Moorpark Friends of the Library
Mother Lode Trail Stewardship
Mount Diablo Music Education Foundation
Mountain High Recovery Center
MPK Advisors & CPAS
Multi-ethnic Collaborative of Community Agencies
National Association of Voice Actors Foundation
National Sobering Collaborative
New Haven Schools Foundation
NORCAL German Shorthaired Pointer Rescue, Inc.
North County Rape Crisis and Child Protection Center
Olivewood Gardens & Learning Center
Orange County Women's Chorus
Palm Springs Gay Men's Chorus
Palo Alto Humane Society
Pasadena Society of Artists
Pathpoint
Patient Advocate Program
Placer Artists Tour

Plumas Corporation
Post 3919
Project Heart, Inc.
Redeemer Community Partnership
Redirect Nuevo Camino
Redwood Discovery Museum
Resonant Equity, Inc.
Riverside Development Organization (RDO)
Sacramento Region Community Foundation
Safety Town of Santa Barbara County
San Diego Humane Society
Sansum Diabetes Research Institute
Santa Barbara County Fire Safe Council
Santa Barbara School of Squash
Second Chance for Women and Children INC
Self-eSTEM
Senior Coastsiders
SF Card
Shasta Cascade Health Centers
Sierra Curtis Neighborhood Association
Sierra Service Project
Silicon Valley Bicycle Exchange
Siskiyou Community Food Bank
SLO Review
Smokefree Air For Everyone (SAFE)
SNAP CATS
SoCal Water Babies
Solano Dignity and Care Foundation, Inc.
Soulful Soil Farms
Squareone Affordable Housing Advocacy
St. John's Retirement Village
Stockton Earth Day
Storyteller Children's Center
Studio Ace
Success in Challenges, Inc.
Sugar Pine Foundation
Tahoe Youth and Family Services
Team Rubicon
Teatro Visión
The Association for the Advancement of Filipino American Arts and Culture

The Body Positive
The Center in Hollywood
The Feather House
The G.r.e.e.n Foundation
The Ivy Heritage Foundation, Inc.
The Nonprofit Partnership
The Summertree Institute
Theatre of Hearts/Youth First
Theatre on the Ridge
Three Valleys Community Foundation
Touched by an Angel, Inc.
Tri-Valley Reach
Tuleyome
Tustin Community Foundation
Upwardly Global
Valley Humane Society
Veras Open Arms Inc.
Viet Voices
Visit Tri Valley
VIVIENDASLEON
Warrior Dog Spirit Foundation
Westside Family Preservation Services Network
Westside Food Bank
Wild Iris Family Counseling & Crisis Center
Wildlife Madagascar
Worksafe
WW Consulting for Good
Your Children's Trees
1 individual

OPPOSITION: (Verified 8/13/26)

None received

ARGUMENTS IN SUPPORT: The author writes:

AB 2221 is the latest step in an eight-year effort to update and modernize California's online charitable giving laws. While implementation of AB 488 (2021) has been largely successful, issues remain. 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.

CalNonprofits, the sponsor of the bill, writes:

California's Registry processes are out of step with the rest of the country, and AB 2221 proposes to improve state law to align with national standards and end the unconstitutional restrictions currently stifling charitable operations. AB 2221 provides a necessary correction, shifting the DOJ's focus away from administrative minutiae and toward violations that actually threaten public trust. Under the current approach, nonprofits are trapped in a cycle of months-long delays associated with simple ministerial paperwork—a status quo that is both unsustainable and detrimental to the nonprofit sector's health. Despite much appreciated efforts by the DOJ to modernize the Registry, we remain very concerned with the Registry's response times, customer service, and adverse impacts on nonprofits from delayed and time-consuming processing of annual renewals and initial registrations. We urge you to champion this systemic change to ensure California can finally balance rigorous asset protection with a thriving, compliant nonprofit community.

ASSEMBLY FLOOR: 73-0, 5/22/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Tangipa, Valencia, Wallis, Ward, Wilson, Zbur, Rivas
NO VOTE RECORDED: Arambula, Bauer-Kahan, Chen, Gabriel, Celeste Rodriguez, Ta, Wicks

Prepared by: Amanda Mattson / JUD. / (916) 651-4113
8/14/26 15:24:05

**** END ****