

Date of Hearing: May 14, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 576 (Irwin) – As Amended March 28, 2025

Policy Committee: Privacy and Consumer Protection

Vote: 13 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill allows a platform charity or charitable fundraising platform to use an application programming interface (API) provided by a specified government agency to determine whether a charitable organization is in good standing.

Specifically, this bill:

- 1) Authorizes a platform charity or charitable fundraising platform to rely on an API provided by the Internal Revenue Service (IRS), Franchise Tax Bureau (FTB), or Attorney General (AG) to determine whether a charitable organization is in good standing.
- 2) Requires the Attorney General's rules and regulations about charitable fundraising platforms to include the specifications for an API authorized under item 1, above.

FISCAL EFFECT:

Costs (General Fund, Registry of Charities and Fundraisers Fund) of an unknown but potentially significant amount, possibly in excess of \$150,000, to the Department of Justice (DOJ) to revise its regulations to include specifications for APIs.

COMMENTS:

DOJ is responsible for regulating charities and professional fundraisers that operate in the state to ensure charitable donations are used as their givers intended. Charitable organizations and individual fundraisers are required to register with DOJ and file annual financial disclosure reports. DOJ investigates and brings civil enforcement actions to ensure charities and fundraising professionals comply with state laws.

In 2021, the Legislature enacted AB 488 (Irwin), Chapter 616, Statutes of 2021, which gave DOJ regulatory oversight over platform charities and charitable fundraising platforms. A platform charity is a nonprofit organization that uses an online interface to solicit and collect charitable donations. A charitable fundraising platform is an online platform like an app or website that facilitates solicitation, collection, and distribution of donations. AB 488 required platform charities and charitable fundraising platforms to register with DOJ (just as traditional charities must) and allows them to raise and distribute money only to charitable organizations that are in good standing. “Good standing” means the IRS or FTB have not revoked an organization’s tax status, and DOJ has not prohibited the organization from soliciting or operating in the state.

DOJ, IRS, and FTB periodically publish lists of charitable organizations that are in good standing. Existing law requires platform charities and charitable fundraising platforms to rely on these lists to determine which organizations they may work with.

This bill additionally authorizes a platform charity or charitable fundraising platform to rely on an API made available by DOJ, IRS, or FTB to determine whether a charitable organization is in good standing. An API is a software component that allows separate computers to connect and communicate, supporting real-time sharing of content and data. The author intends this bill to facilitate faster, more efficient sharing of information about a charitable organization's good standing status. AB 488 required DOJ to adopt rules and regulations needed to administer the department's oversight over platform charities and charitable fundraising platforms. In spring 2024, DOJ finalized those regulations. This bill requires DOJ to include in its rules and regulations specifications for an API that can be used to determine, in real time, whether a charitable organization is in good standing.

According to the bill's author:

The final set of regulations implementing AB 488 went into effect earlier this year, making this legislative session an appropriate time to reconvene stakeholders and understand if changes or updates are needed. While I anticipate this bill will grow as stakeholder concerns are vetted, the current inclusion of an Automated Programming Interface (API) for the DOJ's registry lists speaks to a key functional need raised by stakeholders to more quickly and efficiently update platform listings of charities eligible to solicit in California.

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