

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1661 - HB 1707**

January 20, 2024

**SUMMARY OF BILL:** Enacts the *Charitable Solicitations Act* (Act) by labeling Tenn. Code Ann. Title 48, Chapter 101, Part 5, as such and adding, moving, and expanding several definitions related to the Act. Requires a charitable organization to file a registration statement with the Secretary of State (SOS) if a portion of their fundraising activities are conducted by professional solicitors, fundraising counsel, or commercial coventurers. Establishes that an organization that fails to file a registration statement may be subject to a civil penalty up to \$5,000. Requires the SOS to review registrations and enforce registration requirements for charitable organizations and professional solicitors. Requires a registration statement to include if that organization has applied, but not received, a tax-exempt status from the IRS, or if it has ever been subject to an administrative order, along with altering other filing requirements for charitable organizations. Requires a person to be properly authorized in writing by a bona fide public safety organization, including veterans, in order to solicit on their behalf.

Requires a charitable organization or person that is not a charitable organization that places or maintains a collection receptacle for donations maintain a list of the locations of every collection receptacle placed by that entity, and requires such list and any written permission be filed to with the SOS within 14 days of the placement of the receptacle.

Authorizes the SOS to enjoin a charitable organization or professional fundraiser from continuing their acts during the course of an investigation into violation of this Act. Requires a written agreement between a charitable organization and a commercial coventurer be filed by the organization with the SOS at least five business days prior to the initiation of a charitable sales promotion.

**FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Pursuant to the proposed legislation, the definition of charitable organization is expanded to include a person that the Internal Revenue Service (IRS) determines to be a tax-exempt organization under the Internal Revenue Code 26 U.S.C. § 501(c)(3), or a person who solicits or obtains contributions for the benefit of veterans.
- Tennessee Code Annotated § 48-101-504(b) states that the initial registration fee for a registration statement for a charitable organization is \$50, while Tenn. Code Ann. § 48-

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101-506(c) specifies that the renewal fee for a registration statement depends on the organization's gross revenue, with a minimum of \$80.

- Tennessee Code Annotated § 48-101-502(a)(2) currently requires a charitable organization to register with the SOS if over \$50,000 is raised from the public during any fiscal year.
- Requiring a charitable organization to file a registration statement if it raises funds by utilizing a professional solicitor or commercial conventurer is not expected to significantly increase the number of organizations that are required to file a registration statement, and will therefore result in no significant increase in state revenue.
- Any increase in state revenue as a result of the civil penalties is expected to be not significant.
- According to information provided by the SOS, the proposed legislation can be accomplished without any increase to resources or personnel; therefore, there will be no significant fiscal impact.

## **IMPACT TO COMMERCE:**

### **NOT SIGNIFICANT**

#### Assumptions:

- The proposed legislation is not expected to require any significant number of additional charitable organizations to register with the SOS.
- The proposed legislation is not expected to have any impact on the amount of funds raised by charitable organizations.
- Any impact to commerce or jobs in Tennessee is estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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