
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1826 Session of
2019

INTRODUCED BY MOUL, KEEFER, ECKER, GREINER, POLINCHOCK, PICKETT,
RYAN, BERNSTINE, SAPPEY, ROTHMAN, MENTZER, JONES, KAUFFMAN,
JAMES AND ZIMMERMAN, SEPTEMBER 17, 2019

REFERRED TO COMMITTEE ON FINANCE, SEPTEMBER 17, 2019

AN ACT

1 Amending the act of December 19, 1990 (P.L.1200, No.202),
2 entitled "An act providing for the registration and
3 regulation of solicitations by charitable organizations,
4 professional fundraisers and other solicitors; imposing
5 additional powers on the Department of State and the Office
6 of Attorney General; prescribing civil and criminal
7 penalties; and making a repeal," further providing for
8 definitions, for registration of charitable organizations,
9 financial reports, fees, failure to file, for registration of
10 professional solicitors, contract and disclosure
11 requirements, bonds, records, books and for administrative
12 enforcement and penalties.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. The definition of "fundraising costs" in section
16 3 of the act of December 19, 1990 (P.L.1200, No.202), known as
17 the Solicitation of Funds for Charitable Purposes Act, is
18 amended to read:

19 Section 3. Definitions.

20 The following words and phrases when used in this act shall
21 have the meanings given to them in this section unless the
22 context clearly indicates otherwise:

1 * * *

2 "Fundraising costs." Those costs incurred in inducing others
3 to make contributions to a charitable organization for which the
4 contributors will receive no direct economic benefit.

5 Fundraising costs normally include, but are not limited to,
6 salaries, rent, acquiring and maintaining mailing lists,
7 printing, mailing and all direct and indirect costs of
8 soliciting, as well as the cost of unsolicited merchandise sent
9 to encourage contributions. Fundraising costs do not include the
10 direct cost of merchandise or goods sold or the direct cost of
11 fundraising dinners, bazaars, shows, circuses, banquets,
12 dinners, theater parties or any other form of benefit
13 performances. This term may not include any costs or fundraising
14 activities associated with the use of a professional fundraising
15 counsel by a charitable organization.

16 * * *

17 Section 2. Sections 5(f), 9(1) and 17(b)(3) of the act are
18 amended to read:

19 Section 5. Registration of charitable organizations; financial
20 reports; fees; failure to file.

21 * * *

22 (f) Audit of certain financial reports.--[The] Except as
23 provided under section 9(1), the financial report of every
24 charitable organization which receives annual contributions of
25 \$750,000 or more shall be audited by an independent certified
26 public accountant or public accountant. Every charitable
27 organization which receives annual contributions of at least
28 \$250,000, but less than \$750,000, shall be required to have a
29 review or audit of their financial statements performed by an
30 independent certified public accountant or public accountant.

1 Every charitable organization which receives annual
2 contributions of at least \$100,000, but less than \$250,000,
3 shall be required to have a compilation, review or audit of
4 their financial statements performed by an independent certified
5 public accountant or public accountant. A compilation, audit or
6 review is optional for any charitable organization which
7 receives annual contributions of less than \$100,000. Audits
8 shall be performed in accordance with generally accepted
9 auditing standards, including the Statements on Auditing
10 Standards of the American Institute of Certified Public
11 Accountants, whereas reviews shall be performed in accordance
12 with the Statements on Standards for Accounting and Review
13 Services of the American Institute of Certified Public
14 Accountants.

15 * * *

16 Section 9. Registration of professional solicitors; contract
17 and disclosure requirements; bonds; records;
18 books.

19 * * *

20 (1) Financial reports.--Within 90 days after a solicitation
21 campaign or event has been completed and on the anniversary of
22 the commencement of a solicitation campaign lasting more than
23 one year, a professional solicitor shall file with the
24 department a financial report for the campaign, including gross
25 revenue and an itemization of all expenses incurred. This report
26 shall be signed and sworn to by the authorized contracting agent
27 for the professional solicitor and two authorized officials of
28 the charitable organization. The filing of a financial report
29 under this subsection by a professional solicitor having a
30 contract with a charitable organization shall be accepted by the

1 department and the reports shall relieve a charitable
2 organization from the requirements under section 5(f).

3 * * *

4 Section 17. Administrative enforcement and penalties.

5 * * *

6 (b) Additional actions.--When the secretary finds that the
7 registration of any person may be refused, suspended or revoked
8 under the terms of subsection (a), the secretary may:

9 * * *

10 (3) Impose an administrative fine not to exceed [\$1,000]
11 \$100 for each act or omission which constitutes a violation
12 of this act and an additional penalty, not to exceed [\$100]
13 \$50 for each day during which such violation continues.
14 Registration will be automatically suspended upon final
15 affirmation of an administrative fine until the fine is paid
16 or until the normal expiration date of the registration. No
17 registration shall be renewed until the fine is paid.

18 * * *

19 Section 3. This act shall take effect in 60 days.