

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 140
Judiciary I Committee Substitute Adopted 5/30/01

Short Title: Charitable Contributions Reported.

(Public)

Sponsors:

Referred to:

February 14, 2001

A BILL TO BE ENTITLED

AN ACT TO REQUIRE PERSONS TO REPORT CHARITABLE CONTRIBUTIONS
SOLICITED OR ACCEPTED FOR NAMED INDIVIDUALS OR CAUSES AND
TO APPROPRIATE FUNDS FOR THE PUBLIC INFORMATION PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. The General Statutes are amended by adding a new Chapter 131G to be entitled "Reporting of Contributions."

SECTION 2. G.S. 131F-31 is recodified as G.S. 131G-1 in Chapter 131G of the General Statutes as enacted by this act.

SECTION 3. G.S. 131G-1 of the General Statutes, as recodified in Section 2 of this act, reads as rewritten:

~~"§ 131F-31.~~ **§ 131G-1. Contributions solicited for, or accepted by or on behalf of, a named individual, individual or cause.**

(a) For purposes of this section, the definitions set out in G.S. 131F-2 shall apply.

~~(a)~~(b) Trust Account Required. – Contributions solicited for, or accepted by or on behalf of, a named individual or cause shall be deposited in a trust account opened by a trustee named in a properly established trust document.

~~(b)~~(c) Use of Trust Funds. – Contributions deposited in the trust fund may be used only for the purpose for which the contributions were solicited; if the contributions are no longer needed for the purpose for which they were solicited, they may be used for another similar charitable purpose.

(d) Report of Trust Funds. – The trustee may disburse funds from the trust account only after making must make a written record that:

(1) States the total amount of the contributions received;

(2) States the source or sources, without naming specific persons, of the contributions received and the amount of contributions received from each source; and

1 (3) ~~verifying~~ Verifies the purpose for which the funds ~~will be used~~ were
2 disbursed accompanied by documentation of the identity of the payee
3 and the justification for the payment.

4 The trustee shall file the written record and identifying documentation with the clerk
5 of court in the county in which the trust account is located by December 31 of each year
6 in which there are funds in the trust account during all or part of that year.

7 The Trustee shall retain these records for each disbursement from the trust account
8 for a period of three years after the disbursement.

9 (e) Application of Section. – This section applies to any person that solicits or
10 accepts contributions for, or on behalf of, a named individual or cause in an amount of
11 one thousand dollars (\$1,000) or more in an aggregate amount.

12 (f) Enforcement and Penalties. – Any person who violates this section, including
13 any person who knowingly and willingly fails to file the report required by this section
14 or knowingly and willfully submits false information to the clerk, commits a Class 1
15 misdemeanor.

16 (g) Exemptions. – The following are exempt from the requirements of this
17 section:

18 (1) Any person who solicits charitable contributions for a religious
19 institution.

20 (2) Solicitation of charitable contributions by the federal, State, or local
21 government, or any of their agencies.

22 (3) Any educational institution, the curriculum of which, in whole or in
23 part, is registered, approved, or accredited by the Southern Association
24 of Colleges and Schools or an equivalent regional accrediting body,
25 and any educational institution in compliance with Article 39 of
26 Chapter 115C of the General Statutes, and any foundation or
27 department having an established identity with any of these
28 educational institutions.

29 (4) Any hospital licensed pursuant to Article 5 of Chapter 131E or Article
30 2 of Chapter 122C of the General Statutes and any foundation or
31 department having an established identity with that hospital if the
32 governing board of the hospital authorizes the solicitation and receives
33 an accounting of the funds collected and expended.

34 (5) Any noncommercial radio or television station.

35 (6) A qualified community trust as provided in 26 C.F.R. 1.170A-9(e)(10)
36 through (e)(14).

37 (7) A bona fide volunteer or bona fide employee or salaried officer of a
38 charitable organization or sponsor.

39 (8) An attorney, investment counselor, or banker who advises a person to
40 make a charitable contribution.

41 (9) A volunteer fire department, rescue squad, or emergency medical
42 service.

1 (10) A Young Men's Christian Association or a Young Women's Christian
2 Association.

3 (11) A nonprofit continuing care facility licensed under Article 64 of
4 Chapter 58 of the General Statutes."

5 **SECTION 4.** There is appropriated from the General Fund to the
6 Department of the Secretary of State the sum of twenty thousand dollars (\$20,000) for
7 the 2001-2002 fiscal year for the Public Information Program developed by the
8 Secretary of State pursuant to G.S. 131F-30 to educate the public about the
9 requirements of this act.

10 **SECTION 5.** G.S. 131F-30(a) reads as rewritten:

11 **"§ 131F-30. Public information; annual report.**

12 (a) Public Information Program. – The Department shall develop a public
13 information program to further the purposes of this ~~Chapter.~~ Chapter and Chapter 131G.
14 The purpose of the program is to help the public recognize unlawful, misleading,
15 deceptive, or fraudulent solicitations and make knowledgeable, informed decisions
16 concerning contributions."

17 **SECTION 6.** This act becomes effective July 1, 2001.