

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 140
Judiciary I Committee Substitute Adopted 5/30/01
Finance Committee Substitute Adopted 10/4/01
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Short Title: Ad Hoc Community Collections Reported.

(Public)

Sponsors:

Referred to:

February 14, 2001

A BILL TO BE ENTITLED

AN ACT TO REQUIRE PERSONS TO REPORT AD HOC COMMUNITY
COLLECTIONS SOLICITED OR ACCEPTED FOR NAMED INDIVIDUALS OR
PURPOSES.

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 Ad Hoc Community Collections."

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:

"§ 131G-1. **Contributions solicited for, or accepted by or on behalf of, a named individual, individual or a specific named charitable purpose that is not under the authority of a 501(c)(3) corporation under 26 U.S.C. § 501(c)(3) or an organization with a pending application for this status.**

(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~~ individual, or a specific named charitable purpose that is not under the authority of a 501(c)(3) corporation under 26 U.S.C. § 501(c)(3) or an organization with a pending application for this status, 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 (1) States the total amount of the contributions received;
2 (2) States the source or sources, without naming specific persons, of the
3 contributions received and the amount of contributions received from
4 each source; and
5 (3) ~~verifying~~ Verifies the purpose for which the funds will be used were
6 disbursed accompanied by documentation of the identity of the payee
7 and the justification for the payment.

8 The trustee shall file the written record and identifying documentation with the clerk
9 of court in the county in which the trust account is located by December 31 of each year
10 in which there are funds in the trust account during all or part of that year. A fee of two
11 dollars (\$2.00), for administrative costs, shall be paid to the clerk of court at the time of
12 the filing.

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

15 (e) Application of Section. – This section applies to any person that solicits or
16 accepts contributions for, or on behalf of, a named individual, or a specific named
17 charitable purpose that is not under the authority of a 501(c)(3) corporation under 26
18 U.S.C. § 501(c)(3) or an organization with a pending application for this status, in an
19 amount of one thousand dollars (\$1,000) or more in an aggregate amount.

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

24 (g) Exemptions. – The following types of contributions are exempt from the
25 requirements of this section:

- 26 (1) Charitable contributions solicited for a religious institution.
27 (2) Charitable contributions solicited by the federal, State, or local
28 government, or any of their agencies.
29 (3) Reserved.
30 (4) Charitable contributions solicited by any educational institution, the
31 curriculum of which, in whole or in part, is registered, approved, or
32 accredited by the Southern Association of Colleges and Schools or an
33 equivalent regional accrediting body, and any educational institution in
34 compliance with Article 39 of Chapter 115C of the General Statutes,
35 and any foundation or department having an established identity with
36 any of these educational institutions.
37 (5) Charitable contributions solicited by any hospital licensed pursuant to
38 Article 5 of Chapter 131E or Article 2 of Chapter 122C of the General
39 Statutes and any foundation or department having an established
40 identity with that hospital if the governing board of the hospital
41 authorizes the solicitation and receives an accounting of the funds
42 collected and expended.

- 1 (6) Charitable contributions solicited by any noncommercial radio or
2 television station.
- 3 (7) Charitable contributions solicited for a qualified community trust as
4 provided in 26 C.F.R. 1.170A-9(e)(10) through (e)(14).
- 5 (8) Charitable contributions solicited by a charitable organization defined
6 as a 501(c)(3) tax-exempt nonprofit corporation under 26 U.S.C. §
7 501(c)(3) and any of that 501(c)(3) corporation's bona fide volunteers,
8 employees, officers, or sponsors.
- 9 (9) Contributions reportable under Article 22A of Chapter 163 of the
10 General Statutes.
- 11 (10) Charitable contributions solicited by a volunteer fire department,
12 rescue squad, or emergency medical service.
- 13 (11) Charitable contributions solicited by a Young Men's Christian
14 Association or a Young Women's Christian Association.
- 15 (12) Charitable contributions solicited by a nonprofit continuing care
16 facility licensed under Article 64 of Chapter 58 of the General
17 Statutes."

18 **SECTION 4.** The Department of the Secretary of State may study Chapters
19 131F and 131G of the General Statutes and report its findings, including any
20 recommended legislation, to the 2002 Regular Session of the 2001 General Assembly.

21 **SECTION 5.** This act becomes effective December 1, 2001.