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### FISCAL IMPACT REPORT

SPONSOR:	Lutz	DATE TYPED:	02/09/00	HB	486
SHORT TITLE:	PRC to Enforce Charitable Solicitations Act			SB	
				ANALYST:	Valenzuela

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
		Indeterminate	\$ 100.0	Recurring	General Fund
		See Narrative			

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to

### SOURCES OF INFORMATION

LFC Files

Office of the Attorney General (AG)

## **SUMMARY**

### Synopsis of Bill

House Bill 486 amends the Charitable Solicitations Act by transferring the registration and enforcement authority for charitable organizations from the Office of the Attorney General (AG) to the Public Regulation Commission (PRC).

### Significant Issues

Unfortunately, as the bill outlines, transferring the function, its funding, its employees, and its assets to the PRC is not a trivial matter, because the AG employs one position to handle the registration function (\$37.4 in general fund) and an entire division to handle the enforcement function.

The enforcement power over charitable organizations and charitable assets resides with the AG's Office because it is a consumer protection issue. Consequently, each of the assistant attorneys' general who work on consumer protection issues also handle charitable organization enforcement issues. According to the AG's office, each state handles the organization of the registration of charitable organizations differently. However, every state has placed the enforcement function with its AG office.

## **FISCAL IMPLICATIONS**

House Bill 486 does not contain an appropriation but would have revenue neutral impact on both the PRC and the AG resulting from the transfer of the function. However, the amount of the transfer is indeterminable without conducting a thorough review of the AG's Consumer Division and separating out the function. There

would be an additional fiscal impact however on the PRC, who would require additional startup funding to implement this change for items such as office space, training, databases that meet the requirements of the PRC's existing information technology infrastructure, and new equipment and computers. This level of funding could be as high as \$100.0.

### **ADMINISTRATIVE IMPLICATIONS**

Enactment of House Bill 486 would have a substantial administrative impact on both agencies, who would have to complete thorough assessments of the existing organizational structures to determine both the separation of this function from the AG and the addition to the PRC.

MFV/njw