

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Park DATE TYPED 3/07/05 HB 958/aHAFC

SHORT TITLE Require Registration of Fundraising Campaigns SB _____

ANALYST Ford

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			\$120.0	Recurring	Charitables Unit Fund
			\$11.0	Non-Recurring	Charitables Unit Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$120.0 Annual Fees		Recurring	Charitables Unit Fund
	\$11.0 One-time Fees		Non-Recurring	Charitables Unit Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB 625

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General Office (AGO)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment removes the appropriations of \$300 thousand and clarifies that only fundraising campaigns conducted by a professional fund-

raiser are subject to registration with the attorney general.

Synopsis of Original Bill

House Bill 958 appropriates \$300 thousand from the general fund to the newly created charitable units fund to defray the costs associated with the administration and enforcement of the Charitable Solicitations Act. The bill creates the charitables unit fund, to be administered by the attorney general. Money in the fund shall be derived from the fees created in this bill, appropriations from the legislature, and other sources. The money in the fund is appropriated to the attorney general to defray the costs associated with administration and enforcement of the Charitable Solicitations Act.

The bill also requires charitable organizations that must to register with the attorney general to pay an annual fee not to exceed \$25. Professional fundraisers that contract with a charitable organization shall be required to pay an initial fee not to exceed \$500 and a fee for each campaign, not to exceed \$250. The fees shall be deposited in the charitable unit fund.

House Bill 958 requires every professional fundraiser soliciting donations on behalf of a charitable organization to file specified information for each fundraising campaign with the attorney general.

Significant Issues

According to the AGO, the charitable solicitations unit lacks the resources to adequately enforce the Charitable Solicitations Act, which includes public disclosure, investigation, and various enforcement requirements. This bill would create a revenue source for the attorney general. The AGO writes that these fees are reasonable, based on a nationwide survey of similar fees.

FISCAL IMPLICATIONS

Although the AGO indicates that the intent of the appropriation is to fund one-time start up costs, the appropriation of \$300 thousand contained in this bill meets the LFC's criteria as a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 06 shall not revert. The appropriation of generated fee revenue is a recurring expense to the charitables unit fund. Any unexpended or unencumbered balance remaining at the end of any fiscal year shall not revert to any other fund.

According to the AGO's Charitables Registrar, there are currently 4,025 charities registered that would be subject to the annual registration fee of \$25. There are currently 22 professional fundraisers registered who would be subject to the one-time \$500 fee. The AGO estimates small growth in the number of fundraisers registered. The AGO estimates that there are approximately 66 fundraising campaigns each year that would be subject to the \$250 fee.

Using these figures, the annual fee revenue generated by the bill is estimated at \$120 thousand. The one-time fee revenue would be approximately \$11 thousand.

Continuing Appropriations

This bill creates a new fund and provides for continuing appropriations. The LFC objects to in-

cluding continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill is a duplicate of Senate Bill 625.

EF/lg:yr