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BILL ANALYSIS

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House Bill 6633 (as reported without amendment)
Sponsor: Representative Steven Tobocman
House Committee: Commerce
Senate Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend the Charitable Organizations and Solicitations Act to require a charitable organization's license application to include financial statements that were audited or reviewed by an independent CPA, if the organization received contributions of \$250,000 or more in its previous tax year.

Under the Act, a charitable organization that solicits or receives or intends to receive contributions from people by any means must file an application for a license with the Attorney General, unless the organization is exempt from the Act's licensure and reporting requirements. The application must include specified information. The bill also would require the application to include financial statements prepared according to generally accepted accounting principles that were audited by an independent certified public accountant (CPA), if the charitable organization received contributions in its immediately preceding tax year in the amount of \$500,000 or more, excluding government grants and contributions and restricted grants from foundations. If that amount were \$250,000 or more, but less than \$500,000, the charitable organization would have to provide financial statements that were either reviewed or audited by an independent CPA. The Attorney General could waive the auditing and review requirement one time for a charitable organization.

For the purpose of determining whether a charitable organization met the monetary thresholds described above, the license application would have to include the amount of contributions and net fund-raising revenue the organization received in its immediately preceding tax year, excluding government grants and contributions and restricted grants from foundations.

MCL 400.273

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 12-9-08

Fiscal Analyst: Joe Carrasco