

Act Number: 09-102

Bill Number: 6433

Senate Pages: 2359-2362, 2585-2588

8

House Pages: 1403-1407, 5755-5759

10

Committee: General Law: 511, 683-684

3

Page Total:

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**CONNECTICUT
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SENATE**

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that is on Calendar page 14, Calendar 612, House Bill 6286, previously marked "passed temporarily", can be marked "go."

THE CHAIR:

Thank you, Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

THE CHAIR:

Mr. Clerk, would you continue with the call of the Calendar?

THE CLERK:

Calendar page 5, Calendar Number 392, File Numbers 72 and 612, House Bill 6433, AN ACT CONCERNING THE REGULATION OF CHARITABLE FUNDS as amended by House Amendment, Schedule "A", Favorable Report of the Committee on General Law.

THE CHAIR:

Senator Colapietro.

SENATOR COLAPIETRO:

Thank you, Mr. President. I move the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

Thank you. You may proceed.

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SENATOR COLAPIETRO:

Thank you, Mr. President. This is a bill that we have already passed some parts of it and it's a new part added to it. And I would -- I think the Clerk is in possession of an Amendment called 6666, easy one to remember.

(Laughter.)

THE CHAIR:

Thank you, Senator Colapietro. Mr. Clerk.

THE CLERK:

LCO 6666, which is designated Senate Amendment Schedule "A" and is offered by Senator Colapietro of the 31st District.

THE CHAIR:

Senator Colapietro.

SENATOR COLAPIETRO:

Thank you, Mr. President. Move to summarize (inaudible).

THE CHAIR:

Would you move adoption, please?

SENATOR COLAPIETRO:

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I move adoption.

THE CHAIR:

Yes, you may proceed.

SENATOR COLAPIETRO:

Senator, this Amendment simply changes the effective dates to July 1st, 2009. I move the Amendment.

THE CHAIR:

Thank you, Senator Colapietro. Any further discussion on the Amendment? Hearing none, I'll try your minds. All in favor signify by saying Aye.

SENATORS:

Aye.

THE CHAIR:

Those opposed, Nay. The Ayes have it. Amendment passes. Senator Colapietro.

SENATOR COLAPIETRO:

Thank you, Mr. President. This is a companion bill to the bill that was already passed up here that raises the threshold from \$200,000 to \$500,000 for charitable organizations. It also allows the DCP Commissioner to waive audit requirements and waive or reduce late fees, and makes other significant changes.

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THE CHAIR:

Thank you, Senator Colapietro. Further comment or discussion? Senator Colapietro.

SENATOR COLAPIETRO:

Thank you, Mr. President. If there's no further discussion, I would move this item to the Consent Calendar.

THE CHAIR:

Without objection? So ordered. Mr. Clerk.

THE CLERK:

Calendar Number 397, File Number 444, substitution for House Bill 5915, AN ACT CONCERNING, quote, STUCK KIDS, end of quote, Favorably Reported, Committees on Children and Human Services.

THE CHAIR:

Senator Musto.

SENATOR MUSTO:

Thank you, Mr. President. Mr. President, I move adoption of the bill of the Joint Favorable Report from the Committee.

THE CHAIR:

Thank you. You may proceed.

SENATOR MUSTO:

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that it be placed on the Consent Calendar.

THE CHAIR:

Without objection, so ordered. Mr. Clerk, would you please return to the call of the Calendar. Mr. Majority Leader.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, if the Clerk might call the first Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

The roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber? An immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber? Mr. President, those items placed on the first Consent Calendar begin on Calendar page 5. Calendar Number 392, House Bill 6433.

Calendar 397, Substitute for House Bill 5915.

Calendar 405, House Bill 5536.

Calendar page 6, Calendar 406, House Bill 5873.

Calendar 457, substitute for House Bill 6264.

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Calendar page 12. Calendar Number 599,
substitute for House Bill 6463.

Calendar page 13, Calendar 608, House Bill 6640.

Calendar page 14, Calendar 611, substitute for
House Bill 6341.

Calendar 612, substitute for House Bill 6286.

Calendar 620, substitute for House Bill 5664.

Calendar page 15, Calendar 622, substitute for
House Bill 6496.

Calendar page 16, Calendar 628, House Bill 5809.

Calendar 630, substitute for House Bill 5519.

Calendar page 23, Calendar Number 284, substitute
for Senate Bill 290.

Calendar page 24, Calendar 103, Senate Bill 754.

Calendar 120, Senate Bill 818.

Calendar 136, Senate Bill 789.

Calendar page 26, Calendar 179, substitute for
Senate Bill 951.

Calendar page 27, Calendar 207, substitute for
Senate Bill 950.

Calendar page 29, Calendar 252, substitute for
Senate Bill 1068.

Calendar page 34, Calendar Number 420, Senate

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Bill 325.

And Calendar page 40, Calendar Number 541, House
Bill 6076.

Mr. President, that completes the items placed on
the first Consent Calendar.

THE CHAIR:

On the first Consent Calendar, the machine is
open.

THE CLERK:

The Senate is now voting by roll call on the
Consent Calendar. Will all Senators please return to
the Chamber? The Senate is now voting by roll call on
the Consent Calendar. Will all Senators please return
to the Chamber?

THE CHAIR:

Have all the Senators voted? Seeing that all
Senators have voted, the machine will be closed.
Clerk, please announce the tally.

THE CLERK:

Motions on adoption to the Consent Calendar,
number 1.

Total Number Voting 36

Those voting Yea 36

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Those voting Nay 0

Those absent and not voting 0

THE CHAIR:

The Consent Calendar is adopted. Mr. Majority
Leader.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, a few
more items to be marked "go." First, Calendar page
29, Calendar 249, House Bill 6185. Calendar page 35,
Calendar 424, Senate Bill 1045. Calendar page 36,
Calendar 429, Senate Bill 940. Thank you, Mr.
President.

THE CHAIR:

Thank you, sir. Mr. Clerk.

THE CLERK:

Turning to Calendar page 29, Calendar Number 249,
Files number 49 and 285, House Bill 6185, AN ACT
CONCERNING PENALTIES FOR VIOLATIONS OF CERTAIN
PERSONNEL FILE STATUTES as amended by House Amendment,
Schedule "A". Favorably Reported, Committee on Labor
and Judiciary.

THE CHAIR:

Senator Prague.

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Thank you, Mr. Speaker. I rise for a point of personal privilege.

SPEAKER DONOVAN:

Please proceed.

REP. CARSON (108th):

Thank you. Well, I guess it was several years ago I had a babe in arms, very similar to Representative Fleischmann today, except here he is now. He's not my son, but he's my godson and, at the age of 14, I became his godmother. He is my father's namesake. He is also a cousin and a very, very dear friend. He brings with him his mother-in-law, Carol, today. So please, a warm welcome for Bill McGough and Carol Fuller.

SPEAKER DONOVAN:

Thank you, Representative.

Will the Clerk please call Calendar Number 117.

THE CLERK:

On page 5, Calendar 117, House Bill Number 6433,
AN ACT CONCERNING THE REGULATION OF CHARITABLE FUNDS,
favorable report by the Committee on General Law.

SPEAKER DONOVAN:

Representative Shapiro.

REP. SHAPIRO (144th):

Thank you, Mr. Speaker. Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bill.

SPEAKER DONOVAN:

The question before the Chamber is acceptance of the Joint Committee's favorable report and passage of the bill. Will you proceed?

REP. SHAPIRO (144th):

Thank you, Mr. Speaker. Mr. Speaker, this is a bill that would amend certain housekeeping requirements for the solicitation of charitable funds by nonprofit organizations. The Clerk has an amendment, Calendar Number 5477. And would the Clerk please call and I be permitted to summarize?

SPEAKER DONOVAN:

Will the Clerk please call LCO 5477, which will be designated House Amendment Schedule A.

THE CLERK:

LCO number 50477, House A, offered by
Representative McCluskey et al.

SPEAKER DONOVAN:

Representative seeks leave of the Chamber to summarize the agreement -- amendment. Is there objection to summarization? Is there objection? If

not, Representative Shapiro, you may summarize.

REP. SHAPIRO (144th):

Thank you, Mr. Speaker. The amendment is simple. It is a housekeeping matter. It seeks to strike Section 4 in its entirety. The only change in Section 4 was the increase in fees for special fund-raising councils. They were to go from \$125 to \$500. But in order to keep our budgetary process clean, we'd like to do all of the fees in a -- in the finance package. And so we would remove it from here so we can keep it clean. It actually only affects two fund-raising councils who actually register in the state anyway, and so this is a simple matter, and I urge adoption of the amendment.

SPEAKER DONOVAN:

Question before the Chamber is adoption of House Amendment Schedule A. Will you remark on the amendment? Remark on the amendment? Remark further on the amendment before us? If not, I want to try your minds. All those in favor, please signify by saying, aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

All those opposed, nay.

The ayes have it. The amendment is adopted.

Remark further on the bill as amended? Remark further on the bill as amended? Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker. Mr. Speaker, I would also like to rise in support of the bill. This bill will allow our nonprofits to keep a little bit more of the money that they have collected, because they will not have to pay for an annual audit. But I do want to point out to the Chamber, nonprofits would still be required to make a financial -- to file a financial statement. Thank you.

SPEAKER DONOVAN:

Thank you, Representative. Will you remark further on the bill as amended? Will you remark further on the bill as amended? If not, staff and guests please come to the well of the House. Members take their seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the chamber. The House is taking a roll call vote. Members to the chamber, please.

SPEAKER DONOVAN:

Have all the members voted? Have all members voted? All members have voted. Please check the board to make sure your vote has been properly cast. If all members have voted, the machine will lock -- will be locked, and the Clerk will please take a tally. The Clerk will please announce the tally.

THE CLERK:

House Bill 6433 as amended by House A.

Total Number Voting	143
Necessary for Passage	72
Those voting Yea	143
Those voting Nay	0
Those absent and not voting	8

SPEAKER DONOVAN:

The bill as amended passes. With the Clerk please call Calendar 113.

THE CLERK:

On page 5, Calendar 113, substitute for House Bill Number 6306, AN ACT ESTABLISHING A CODE OF CONDUCT BETWEEN THE TRANSACTIONS BETWEEN NATURAL GAS DISTRIBUTION COMPANIES AND THEIR AFFILIATES, favorable report by the Committee on Energy and Technology.

SPEAKER DONOVAN:

Representative Hewett.

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cast. If so, the machine will be locked. And the Clerk will take a tally, and the Clerk will announce the tally, please.

THE CLERK:

House Bill 6644 as amended by House A and B.

Total Number Voting	142
Necessary for Passage	72
Those voting Yea	142
Those voting Nay	0
Those absent and not voting	9

DEPUTY SPEAKER ORANGE:

The bill passes.

Will the Clerk please call Calendar Number 117.

THE CLERK:

On page 45, Calendar 117, House Bill Number 6433,
AN ACT CONCERNING THE REGULATION OF CHARITABLE FUNDS,
as amended by House Amendment Schedule A and Senate
Amendment Schedule A, favorable report by the
Committee on General Law.

DEPUTY SPEAKER ORANGE:

Representative Shapiro, you have the floor, sir.

REP. SHAPIRO (144th):

Thank you, Madam Speaker. Madam Speaker, I move
acceptance of the joint committee's favorable report

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and passage of the bill.

DEPUTY SPEAKER ORANGE:

The question is acceptance of the joint committee's favorable report and passage of the bill. Will you remark, Representative Shapiro?

REP. SHAPIRO (144th):

Yes, Madam Speaker. Madam Speaker, this is a bill that we previously passed in the House. It has been amended by the Senate. The primary purpose of the bill is to reduce costs on certain nonprofit organizations, charitable donations and raise the limit from 200,000 to 500,000 dollars, on which they would need to conduct an expensive audit.

Madam Speaker, the Clerk is in possession of Amendment LCO 6666. I ask that the Clerk call and I be permitted to summarize. And that is Senate A.

DEPUTY SPEAKER ORANGE:

Thank you, sir. Will the Clerk please call Senate Amendment 6666, designated as Senate A.

THE CLERK:

LCO Number 6666, Senate A offered by Senator Colapietro and Representative Shapiro.

DEPUTY SPEAKER ORANGE:

The Representative seeks leave to summarize. Is

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there objection to summarization? Is there objection?
Hearing none, Representative Shapiro, you have the
floor, sir.

REP. SHAPIRO (144th):

Thank you, Madam Speaker. Madam Speaker, the
amendment does only one thing, it changes the
effective date of the bill from October 1, 2009, to
July 1, 2009. The purpose of this is to allow the
nonprofits, whose fiscal years end September 30th, to
avail themselves of the benefits of this bill. It is
a good amendment and I urge adoption.

DEPUTY SPEAKER ORANGE:

Thank you, sir. The question is on adoption.
Will you remark further on Senate Amendment A? Will
you remark further on Senate Amendment A?
Representative Bacchiochi, you have the floor, ma'am.

REP. BACCHIOCHI (52nd):

Thank you, Madam Chairman, and I just want to
concur with our Chairman that this is an amendment
that is a good amendment and improves the bill. Thank
you, Madam Chairman. So sorry.

DEPUTY SPEAKER ORANGE:

Thank you, ma'am.

Okay. Let me try your minds. All those in favor

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of Senate Amendment A, please signify by saying, aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ORANGE:

All those opposed, nay.

The ayes have it. The amendment is adopted.

Do you care to remark further on the bill as amended? Do you care to remark further on the bill as amended? If not, staff and guests, please come to the well of the House. Members take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the chamber. The House is taking a roll call vote. Members to the chamber, please. The House of Representatives is voting by roll call. Members of the chamber. The House is taking a roll call vote. Members to the chamber, please.

DEPUTY SPEAKER ORANGE:

Have all the members voted? Have all the members voted? Please check the board to determine whether your vote has been properly cast. If your vote has been properly cast, the machine will be locked and the Clerk will take a tally. And the Clerk will please

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announce the tally.

THE CLERK:

House Bill Number 6433, as amended by House A and
Senate A, in concurrence with the Senate.

Total Number Voting	142
Necessary for Passage	72
Those voting Yea	142
Those voting Nay	0
Those absent and not voting	9.

DEPUTY SPEAKER ORANGE:

The bill passes in concurrence with the Senate.

Are there any announcements or points of personal
privilege? Any announcements? Representative
Graziani of the 57th, you have the floor, sir.

REP. GRAZIANI (57th):

Madam Speaker, for the purpose of an
announcement.

DEPUTY SPEAKER ORANGE:

Please proceed, sir.

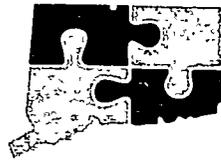
REP. GRAZIANI (57th):

Members of the chambers, for further
clarification I neglected to say that the Connecticut
Wall of Honor ceremony will be taking place in the
atrium in the LOB. This year we're adding two names

**JOINT
STANDING
COMMITTEE
HEARINGS**

**GENERAL
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2009



**CONNECTICUT
ASSOCIATION
of NONPROFITS**

*...to serve, strengthen
and support Connecticut's
nonprofit community.*

Testimony before the General Law Committee

SB 780 AN ACT CONCERNING THE SOLICITATION OF CHARITABLE FUNDS ACT.

To increase the threshold gross revenue amount requiring charitable organizations to obtain an audit report by a certified public accountant.

Senator Colapietro, Representative Shapiro and members of the General Law Committee, I am **Ron Cretaro, Executive Director of the Connecticut Association of Nonprofits**. Our association represents over 530 nonprofit organizations across Connecticut.

SB-780 proposes to modify the threshold by which a formal audit is legally required from the current level of \$200,000 to \$500,000. This affects organizations which, for the most part, receive no state funding. Those organizations which are recipients of state contracts in excess of \$100,000 will still be subject to the onerous state single audit. A single audit is more complex and demanding to both the nonprofit and the accounting profession.

Further, raising the compulsory audit threshold does not preclude funders such as foundations or the United Way from requiring an audit in return for receiving funding support no matter the size of the budget or amount of grant funds received.

The beneficiaries of this legislation as proposed are the nearly 500 nonprofits which would save the time, expense and worry of an arduous audit process. More than a quarter or 148 of CT nonprofit members have annual budgets under \$500,000.

We do not feel the transparency or accountability of the nonprofit community will be compromised by adopting a higher audit threshold. The new IRS form 990 required to be filed by nonprofits with annual gross receipts of over \$25,000 will provide additional safeguards to the public. Again, funding sources – e.g. the State of Connecticut, foundations or other entities – may still require an audit to be performed should it choose.

I would further like to reference a second bill, **HB 6433**, An Act Concerning the Regulation of Charitable Funds which has been raised by this Committee but is not scheduled for a public hearing today. We are in concurrence with the sections of this bill recommendations related to audit timelines and the powers given to the Commissioner of the Department of Consumer Protection and Attorney General to waive an audit.

Please know that our Association and its members are willing to work with the Committee on the reconciliation of the two similar bills before you.

RICHARD BLUMENTHAL
ATTORNEY GENERAL



55 Elm Street
P.O. Box 120
Hartford, CT 06141-0120

Office of The Attorney General
State of Connecticut

*TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE GENERAL LAW COMMITTEE
FEBRUARY 24, 2009*

I appreciate the opportunity to support House Bill 6433, An Act Concerning the Regulation of Charitable Funds.

House Bill 6433 increases the annual minimum gross revenue that requires a charity to conduct an independent audit from \$200,000 to \$500,000.

Audits by certified public accountants cost between \$5,000 and \$10,000, thereby requiring some charities to spend almost 5% of their charitable donations on audits. Raising the limit to \$500,000 will ensure that only those charities with significant funds are required to have an audit conducted by a certified public accountant. Under current law, boards of directors of non-profit organizations have the discretion to conduct a CPA audit or some other form of accounting review to ensure that the charitable funds are properly recorded and that appropriate accounting controls are in place even if such audit is not statutorily required. Finally, the \$200,000 annual minimum revenue threshold was set 9 years ago, requiring some adjustment to reflect increases in inflation and other financial factors.

In addition, House Bill 6433 makes several minor and technical changes to the Solicitation of Charitable Funds Act including authorizing the Commissioner of Consumer Protection to waive late fees and audit report requirements if appropriate, changes the length of time to file a late annual report from 180 days to 6 months, increases the registration fee for fundraising counsel to \$500 which is the same as the fee for paid solicitors. The proposal also clarifies that a paid solicitor under the Solicitation of Charitable Funds Act includes any person who receives any consideration for their solicitation efforts.

The Public Charities Unit --which oversees the registration of charities and solicitors -- is a joint effort of the Department of Consumer Protection and the Office of the Attorney General. My office worked on this proposal with the Department.

I urge the committee's favorable consideration of House Bill 6433 with an amendment that would change the effective date from October 1, 2009 to July 1, 2009 in order to provide immediate relief from the audit requirement for many charities.



CONNECTICUT
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...to serve, strengthen
and support Connecticut's
nonprofit community.

HB 6433 AN ACT CONCERNING THE REGULATION OF CHARITABLE FUNDS ACT.

Senator Colapietro, Representative Shapiro and members of the General Law Committee, I am **Ron Cretaro, Executive Director of the Connecticut Association of Nonprofits**. Our association represents over 530 nonprofit organizations across Connecticut.

HB 6433, submitted by the Attorney General and the Commissioner of Consumer Protection, proposes to modify the threshold by which a formal audit is legally required from the current level of \$200,000 to \$500,000. This affects organizations which, for the most part, receive no state funding. Those organizations which are recipients of state contracts in excess of \$100,000 will still be subject to the onerous state single audit. A single audit is more complex and demanding to both the nonprofit and the accounting profession.

Further, raising the compulsory audit threshold does not preclude funders such as foundations or the United Way from requiring an audit in return for receiving funding support no matter the size of the budget or amount of grant funds received.

The beneficiaries of this legislation as proposed are the nearly 500 nonprofits which would save the time, expense and worry of an arduous audit process. More than a quarter or 148 of CT nonprofit members have annual budgets under \$500,000.

We do not feel the transparency or accountability of the nonprofit community will be compromised by adopting a higher audit threshold. The new IRS form 990 required to be filed by nonprofits with annual gross receipts of over \$25,000 will provide additional safeguards to the public. Again, funding sources – e.g. the State of Connecticut, foundations or other entities – may still require an audit to be performed should it choose.

As you are aware, the General Law Committee has already given a Joint Favorable to SB 780 which proposes to raise the audit threshold from \$200,000 to \$500,000. We are in concurrence with the sections of this bill recommendations related to audit timelines and the powers given to the Commissioner of the Department of Consumer Protection and Attorney General to waive an audit in the bill before you, HB 6433.

Please know that our Association and its members are willing to work with the Committee on the reconciliation of the two similar bills before you.