



Assembly Bill 1712

As Amended – January 6, 2020

Donor-Advised Fund (DAFs)

Assemblymember Buffy Wicks (AD-15)

THE ISSUE

A DAF is a philanthropic giving vehicle administered by a charitable sponsor. A DAF allows a donor to establish and fund the account by making irrevocable, tax-deductible contributions to the charitable sponsor. Donors then recommend grants from those funds to other charitable organizations that provide direct public benefits through community services, programs, or advocacy.

Nationally, roughly \$110 billion in donated charitable assets are held in unregulated donor-advised fund (DAF) accounts. Although many donors to DAF accounts have claimed charitable tax deductions -- which reduce federal and state tax revenues -- a substantial portion of these donated assets can sit in DAF accounts indefinitely, growing tax-free and generating revenue for DAF account managers, or “DAF Sponsors”, without providing any public charitable benefits.

DAF sponsoring organizations are not required to report on individual accounts they manage nor are they obligated to disburse funds from DAF accounts. Generally, disbursements are based on advice and direction from donors, which is why these accounts are called *donor-advised* funds.

The use of DAF accounts is growing rapidly. In 2017, an estimated 463,622 individual DAF accounts held more than \$110 billion in assets and received more than 10% of all individual charitable contributions. DAF sponsoring organizations affiliated with large Wall Street financial firms are now among the largest recipients of all-charitable giving.

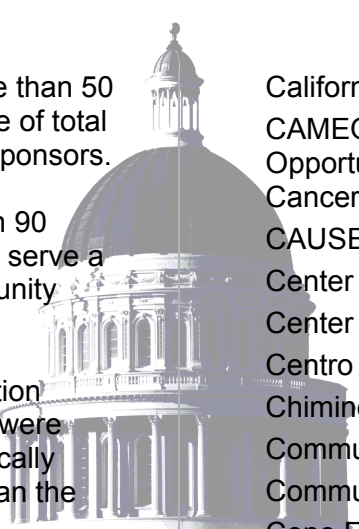
to help the AG ascertain whether those funds are being properly administered, including, but not limited to any of the following:

- A) Whether the DAF Sponsor has a publicly available policy that governs DAFs that are inactive, dormant, or do not make distributions during a specified period of time that does not exceed 36 months.
- B) A description of the DAF Sponsor’s policy for responding to funds that are dormant or not make a distribution in a specific time-period that does not exceed 36 months.
- C) For the most recently completed accounting period, the value of assets invested by the DAF sponsor organization that were invested in mutual funds, exchange traded funds, or other investment vehicles or entities controlled by, controlling, or under common control with an entity that provides administrative or investment services to the DAF Sponsor.

Amendments taken on January 6th prohibit information that identifies or describes any individual donor or advisor to a DAF sponsor from being disclosed, including, but not limited to the individual’s name, social security number, account number, address, telephone number and email address.

The amendments also exempt from these reporting requirements, DAF sponsoring organizations that meet any of the following criteria:

- A) The sponsor holds less than \$300 million in total DAF fund assets.

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- B) The sponsor granted out more than 50 percent of the aggregate value of total assets across all DAF funds sponsors.
- C) The sponsor grants more than 90 percent of distributed funds to serve a geographically defined community smaller than the state.
- D) Of the sponsor's total distribution grants, more than 90 percent were issued to serve a geographically defined community smaller than the state.

In addition, the amendments require DAF sponsoring organizations to self-certify to the AG that they have met the conditions for an exemption. Organization that fail to self-certify, or provide an erroneous or fraudulent self-certification would be subject to penalties similar to that of existing information disclosure violations.

SUPPORT

CalNonprofits (Sponsor)
Kat Taylor, Impact Investor and Donor
Advised Fund Holder (Sponsor)
NextGen California (Sponsor)
AACI
A Place Called Home
Academy for Grassroots Organizations
Alameda Marketing Solutions
Alchemist CDC
American Bone Health
American Bookbinders Museum
American Sports Institute
Arts Orange County
Asian Pacific Policy and Planning Council
Asian Women's Shelter
Association of California Symphony Orchestras
Bay Area Bioscience Education Community
Bee Holistic Cat Rescue and Care, Inc.
Black Women Lawyers Association of Los Angeles Inc.
California Association of Food Banks (CAFB)
California Association of Nonprofits
California CASA Association

California League of Conservation Voters
CAMEO - California Assn for Micro Enterprise Opportunity
Cancer Care Network Foundation
CAUSE
Center for Positive Sexuality
Center for the Pacific Asian Family
Centro Legal de la Raza
Chimineas Ranch Foundation
Community Education Partnerships
Community Partners
Cope Family Center
Crocker Art Museum Association
De Colores Arts, Inc.
Dreamcatchers Empowerment Network
Dry Creek Conservancy
Earth Share of California
Equal Justice Society
Exceptional Minds
FACE
Fair Care Project
Family Resource & Referral Center
Family Service Agency of Santa Barbara County
Filipino American Service Group, Inc. (FASGI)
First Unitarian Universalist Society of San Francisco
FixNation
FOOD Share
Fresh Approach
Friends of Scrap
Fund for Santa Barbara
Girlventures
Glendale College Foundation
Go for the Green Strategies
Golden Gate National Parks Conservancy
Good Samaritan Family Resource Center of San Francisco
Grandparent Autism Network
Hospice Giving Foundation
Inland Empire Community Collaborative
Institute for Religious Tolerance, Peace and Justice
Interface Children & Family Services
Jericho Road Pasadena
Jewish Family Service of Los Angeles
John Swett Education Foundation



Kanayama Partners
Kara
Kateri Tekakwitha Fund
Kidango, Inc.
Lassen Senior Services, Inc.
Let's Get Grants
Lodi House
Lotus Outreach
Lux Art Institute
Meals On Wheels of San Francisco
Media Alliance
New Beginnings Counseling Center
New Way Homes
Nonprofits Insurance Alliance of California
Pacific Asian Counseling Services
PATH
Pawsitive Teams
Peninsula Family Service
Power 4 Youth
Quiks
Renaissance Entrepreneurship Center
Resource Generation
Robert C. Maynard Institute for Journalism Education
Sacramento LGBT Community Center
San Diego Hunger Coalition
San Diego Youth Symphony and Conservatory
San Francisco Community Clinic Consortium
San Francisco Human Services Network
San Francisco Study Center
School on Wheels, Inc.
Schulman Consulting
Seacology
Second Start Learning Disabilities Programs
Silicon Valley Council of Nonprofits
SNAP Cats
Sonoma Ecology Center
Sunny Hills Services DBA Side by Side
Swords to Plowshares
Tenderloin Neighborhood Development Corporation
Traveler's Aid Society of San Diego
TURN (The Utility Reform Network)
Vermont Slauson EDC
Victoria Avenue Forever
Village Method, Inc.

Voices for Progress
Volunteer Center of Santa Cruz County
Willow Deer Education
Women's Cancer Resource Center
Women's Foundation of California

CONTACT

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