



DAVID CRAIG

STATE REPRESENTATIVE
CHAIRMAN, ASSEMBLY COMMITTEE ON FINANCIAL INSTITUTIONS

Assembly Committee on Financial Institutions Public Hearing, 27 January 2015
Assembly Bill 778
Representative David Craig, 83rd Assembly District

Vice-Chairman Katsma and Committee Members,

Thank you for hearing testimony on Assembly Bill 778

This legislation continues our important work of modernizing statutes governing the Department of Financial Institutions and those who are regulated by them. Senator Marklein and I released this Bill at the request of the Department, to update and reform the statutes governing charitable organizations, professional fund-raisers, fund-raising counsel, and professional employer organizations. This bill includes a comprehensive package of technical changes to streamline agency processes that regulate charitable organizations helping improve efficiency and saving taxpayer dollars.

Additionally, this bill will help these important institutions save costs while maintaining oversight by: increasing reporting thresholds for charitable organizations, increasing thresholds that require third party audits, making clear that charitable organizations, fund-raising counsels, and professional fund raisers cannot use unfair or deceptive acts in the conduct of its affairs, and bringing the reporting time frame in agreement with the federal reporting time frame used by the Internal Revenue Service. I am proud that this bill is one of many efforts undertaken by this Committee to modernize the statutes governing the financial services industry and the DFI.

Again, I appreciate your hearing of this bill today and I look forward to answering any questions you may have.



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

Senator Howard Marklein Testimony in Support of Assembly Bill 778

Thank you Chairman Craig and members of the Assembly Committee on Financial Institutions for holding a hearing on Assembly Bill 778. This bill was brought to us by the Department of Financial Institutions (DFI). This bill makes technical changes and updates the statutes regarding charitable organizations, fundraisers, and professional employer organizations.

With the support of DFI we are hoping to streamline the agency as it regulates these organizations, saving costs and maintain the integrity of these important organizations. Some of the highlights of the bill include an increase from \$5,000 to \$25,000 in the threshold for which a charitable organization must register with DFI.

There are also a couple of provisions that I had previously sought to address. Charitable organizations must file an annual financial report with DFI through Form 1952. Unfortunately the form requires a notarized signature of an organization's chief fiscal officer and another officer. This bill removes the requirement that the signatures need to be notarized.

The bill also increases from \$200,000 to \$300,000 the contribution threshold for an organization to be required to submit a certified financial statement to DFI. This was becoming increasingly burdensome for smaller organizations required to have an audited financial statement prepared by a CPA.

Small adjustments like these will help organizations in our community continue to thrive and do good work. With the support of DFI we can streamline the regulations under which these valuable organizations work and save them time and money.

Thank you again for holding a public hearing on this very important piece of legislation.



State of Wisconsin
Department of Financial Institutions

Scott Walker, **Governor**

Ray Allen, **Secretary**

January 27, 2016
Assembly Committee on Financial Institutions
Assembly Bill 778

Testimony of:
Alex Ignatowski, Assistant Deputy Secretary
Department of Financial Institutions

Chairman Craig, committee members, thank you for the opportunity to testify today regarding Assembly Bill 778.

AB 778 is a bill drafted at the request of the Department of Financial Institutions and has the support of the Department. Simply put, this bill updates and modernizes outdated statutes that have oversight over the regulation of charitable organizations and professional fundraisers in Wisconsin. Charitable organizations play a crucial role in this state, and this legislation would allow them to continue the great work they do with less Government red tape.

In brief, this legislation would:

- Increase from \$5,000 to \$25,000, the threshold for which a charitable organization must register with the Department.
- Increase from \$200,000 to \$300,000, the annual threshold at which a charitable organization must complete a review of finances for their initial and annual reporting.
- Increase from \$400,000 to \$500,000, the annual threshold at which a charitable organization must have a financial audit performed by a third party for their initial and annual reporting.
 - The legislation would allow for the possibility of a waiver on this requirement for charities who may not have previously had high yielding years.
 - The Department would be able to make changes to the above listed thresholds through JCRAR passive review.
- Add a provision to make it clear that charitable organizations, fund-raising counsels, and professional fund raisers cannot use unfair or deceptive acts in the conduct of its affairs.
- Increase to 12 months the amount of time charitable organizations have to file their reviewed and audited financial statements, thus bringing our requirement closer to that of the IRS.
- Various technical changes:
 - Reorganize the statute for clarity and ease of review.
 - Give the department the flexibility it needs to efficiently and effectively respond to changes in technology and the regulatory climate.

Again, I would like to reiterate that the Department is in favor of this legislation and believes it would create a better environment for Wisconsin's charitable organizations and professional fundraisers. Thank you for your time today, I will take any questions you may have.