

Reminder: CA Crowdfunding Deadline

09.24.24 | Linda J. Rosenthal, JD



Suddenly – about a decade ago – crowdfunding was everywhere.

And nowhere has it been as popular – or urgently needed – as in the charitable sector, particularly for natural disasters and other emergency relief.

It's not because crowdfunding burst on the scene then as a brand-new concept. It didn't. In *Crowdfunding Then and Now* (May 5, 2021), *FPLG Blog*, we [journey back in time](#) to the nineteenth century. Two luminaries – French philosopher Auguste Comte in the 1840's and American publishing powerhouse Joseph Pulitzer in the 1880's – devised ingenious and wildly successful charitable crowdfunding schemes.

What has changed recently is the medium – the internet – which supercharges the method of communicating the appeals and responding to them. [Charitable fundraising + the internet + crowdfunding](#) is accurately described as a “marriage made in heaven.”

But its emergence sparked a Wild-West type of regulatory chaos. Traditional charitable-fundraising laws were a square peg trying to fit into the round hole of technology evolving so rapidly that early attempts by the government to wrangle it failed.

There were several good faith and cooperative attempts among the interested stakeholders (including government and non-government entities as well as commercial fundraising-platform firms) to fashion a workable oversight system for online fundraising. Finally, there was success from California lawmakers. The landmark legislation – AB 488 – debuted in late 2021. See [A New Crowdfunding Law – At Last!](#) (September 28, 2021), *FPLG Blog*.

It took another 18 months or so to develop satisfactory administrative regulations to flesh out this new statutory scheme. See [CA Charitable Crowdfunding: New Proposed Regs](#) (May 31, 2022); [California Crowdfunding Regulations: Last Chance to Comment](#) (November 23, 2022); and [Third](#)

[Time's A Charm?: CA Charitable-Crowdfunding Proposed Regs](#) (December 12, 2023), all *FPLG Blogs*. Tentative deadlines were announced and then delayed – several times.

The final regulations – a third try! – went into effect in the spring of 2024. See FPLG blogs posts: [Final CA Crowdfunding Regulations – At Last!](#) (April 11, 2024), and [CA Crowdfunding: New Online Registration Portal](#) (June 19, 2024).

The Key Registration Deadline

The [new law's purpose](#) is to open the charitable-crowdfunding process to more transparency and reasonable controls through a registration and reporting system.

Most particularly, all newly defined “charitable fundraising platforms” have initial and ongoing registration, renewal, reporting, and disclosure duties. A “charitable fundraising platform” is any entity using the internet to provide a website, service, or other platform to persons in California and performs, permits, or otherwise enables acts of solicitation to occur. The reporting requirements depend on the types of fundraising activities.”

Many organizations or people or firms not previously subject to rules are now included in the new regulatory scheme.

Every charitable fundraising platform must register with the Registry before performing, permitting, or enabling any solicitations. ([Gov. Code, §§ 12581.2, 12599.9, subds. \(a\)\(1\) & \(b\)\(1\); Cal. Code Regs., §§ 314, subds. \(m\) to \(q\), 315, subd. \(a\).](#)) This requirement went into effect on June 12, 2024. However, no late fees will be assessed if filed by October 12, 2024.

New from the California AG's Office

Since our post from June 19th, the California Attorney General's Office has updated a special [Charitable Fundraising Platforms](#) page in its website section on charities. There, officials explain that any person or entity that is a “charitable fundraising platform” should use the Registry of Charities and Fundraisers' [Online Filing Service](#) to:

- Apply for registration as a charitable fundraising platform using [Form PL-1](#)
- Renew registration as a charitable fundraising platform using [Form PL-2](#) (available October 2024)
- File notifications from platform charities using [Form PL-3](#)
- File annual fundraising reports from charitable fundraising platforms or platform charities using [Form PL-4](#) (available January 2025)

A user account with the [Online Filing Service](#) is required.

There is detailed information, including a “frequently asked questions” feature for each of Forms PL-1, PL-2, and PL-3. Information on Form PL-4 will be available in January 2025.

Additional Reading

- [California Regulations: Charitable Fundraising Platforms and Platform Charities – Part 2](#) (July 29, 2024), Gene Takagi, Esq., *NEO Law Group Blog*, following up on his [California Regulations: Charitable Fundraising Platforms and Platform Charities – Part 1](#) (May 11, 2024).
- [Regulations Implementing California’s Charitable Fundraising Platform Law Finalized: Significant Compliance Changes Lie Ahead](#) (May 1, 2024) Ashleigh A. Allione, Esq., et al, *Venable LLP Blog*.
- [California Issues Final Regulations to Charitable Fundraising Platform Law – Five Things You Need to Know](#) (May 7, 2024) Shirley McLaughlin, Esq., et al., *Adler & Colvin Blog*.
- [AB 488 Online Filing Available](#) (June 7, 2024) Shirley McLaughlin, Esq. & Emily Chan, Esq., *Adler & Colvin Blog*.

Conclusion

So who needs to pay attention right now?

Jan Masaoka, distinguished former President and CEO of the California Association of Nonprofits, once described the statute as impacting “...every single person who clicks on that ‘donate now’ button and every single nonprofit that receives funding this way.”

And – as many experts from around the nation have pointed out – the California legislation is the first new regulatory scheme for charitable fundraising platform, but it’s unlikely to be the last.

– Linda J. Rosenthal, J.D., *FPLG Information & Research Director*