

General Law Committee JOINT FAVORABLE REPORT

Bill No.: SB-1058

AN ACT CONCERNING THE ATTORNEY GENERAL'S RECOMMENDATIONS
REGARDING CONSUMER PROTECTION AND FINANCIAL REPORTING BY

Title: CHARITABLE ORGANIZATIONS.

Vote Date: 3/7/2023

Vote Action: Joint Favorable

PH Date: 2/21/2023

File No.: 204

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SPONSORS OF BILL:

General Law Committee

REASONS FOR BILL:

The proposals in this bill will strengthen Connecticut's privacy and consumer protection laws. The Attorney General found himself not being able to adequately enforce some of the statutes that are currently law. The current law for price gouging was not adequate and needed to be changed to include not just the retailers but also the suppliers, wholesalers, and rental and leasing businesses.

The need to enforce and assist the citizens of the state with the new Connecticut Data Privacy Act is needed. Buying concert tickets for live music in the state has also been a challenge. When consumers are ready to buy their tickets, they are not aware of the high fees attached to the ticket. This would revise the disclosure laws involved in purchasing live event tickets.

Robocalls continue to plague the citizens of our state. Often in the mix of robocalls are scammers, who prey on the senior citizens. This bill looks to address this issue. Also, Connecticut's Solicitation of Charitable Funds Act was brought before the US District Court of Connecticut as unconstitutional under the first amendment. This bill will change the statutes to conform to the requirements made by the court.

RESPONSE FROM ADMINISTRATION/AGENCY:

Attorney General William Tong, Office of the Attorney General, State of Connecticut

These proposals and statutory changes were brought forth by the Attorney General's Office. The changes to the statutes presented in the bill will ensure that the Attorney General's office can adequately protect the citizens of Connecticut. The US District Court of Connecticut

found that some of the statutes regarding Connecticut's Solicitation of Charitable Funds Act were unconstitutional and DCP no longer enforces. Though they are not enforced, the statutes should be changed to reflect the courts findings.

NATURE AND SOURCES OF SUPPORT:

Sean Auyash, State Government Relations Manager, StubHub

Mr. Auyash wrote not against this proposal, but suggested changes. They encourage the General Law Committee and the Attorney General to consider public policy that would require primary ticket sellers to cooperate with enforcement agencies and report illegal bot usage, expand existing refund requirements to include primary ticket sellers, instill transparency in the primary distribution and allocation of tickets, and to prohibit the use of exclusive primary ticketing contracts, and create an open data distribution model.

Adam P. Cohen, CPA, Cohen Financial Consulting for Not-for-Profits

Mr. Cohen supports this bill and is speaking on behalf of CTCPA. In 2009, he was gratified that the Legislature, Governor, Public Charities Unit, Attorney General and Commissioner of Consumer Protection embraced the suggestion to increase the amount to \$500,000 of revenues for audits on small not-for-profits. It is time to increase this amount again to \$1 million of gross revenues.

Connecticut Hospital Association

CHA supports the concept of this bill but would like clarification. Data rights are developing, and the term geolocation data is not self-evident, we ask that the Office of the Attorney General provide education and guidance that clarifies what the term means in the context of both section 36a-701b and section 42-515. There are several areas that require clear guidance. CHA would like to partner with the Committee on this important piece of legislation as it moves through the process.

AARP Connecticut

AARP supports this bill. Telemarketing is pervasive and frustrating for those with a landline and a cellphone. Being a victim of fraud can be financially life changing, especially for those on a fixed income. SB1058 will strengthen consumer protections and go a long way in addressing this situation.

Jeff Shaw, Senior Public Policy Advisor, CT Community Nonprofit Alliance

Mr. Shaw writes in support of this bill. Most nonprofit organizations are required to do an annual financial report most commonly IRS form 990. This form includes information regarding the organization, its personnel, and its purpose. Under the current law nonprofits with gross receipts exceeding \$500,000 need to have an audit done by a CPA. Mr. Shaw writes raising the audit threshold will benefit consumers in that more of their contributions will be devoted to the mission and programs. Sections 18-19 are a step in the right direction.

Bonnie D. Stewart, Executive Director & Chief Executive Officer, Connecticut Society of Certified Public Accountants

Ms. Stewart writes in support of Section 18 of SB1058. Audits are significantly more expensive than reviews, so permitting smaller charitable organizations to move to a review would save the charity money. More donations can be spent directly on the charitable purpose and more programs can be supported.

NATURE AND SOURCES OF OPPOSITION:

David J. O'Donnell, Associate Director, American Petroleum Institute, Northeast Region

Mr. O'Donnell writes regarding the section on price gouging. Price gouging is complex and challenging to prohibit legislatively. Enforcement is equally as challenging. The use of the word "unconscionable" makes this much more difficult.

David R. Fay, President & CEO, The Bushnell Center for the Performing Arts

Mr. Fay writes in opposition of this bill. Like many other live performance venues and arts organizations, The Bushnell has struggled to recover financially from the pandemic. For many the pandemic is over, but for organizations like The Bushnell it is still a long road for recovery. The Bushnell is simply raising areas of concern for clarification for Section 10 and Section 11.

Christopher Gilrein, Executive Director, TechNet Northeast,

Mr. Gilrein is in opposition to the data section of this bill adding geolocation data breach. Technet supports strong, risk-based data breach requirements that focus on the likelihood of actual harm to consumers. The categories of data currently covered under Connecticut's breach notification law comprise information that could increase consumer risk of identity fraud or other financial crimes if exposed. In addition to notification, the remedies afforded to a person whose data is breached include identity theft prevention. It is unclear how an individual's location data could be used for such purposes, and as such, what public benefit such a remedy would serve. It would also make Connecticut's statute an outlier among peer states.

Andrew A. Kingman, Counsel, State Privacy & Security Coalition

Mr. Kingman writes in opposition to this bill. The State Privacy & Security Coalition does not believe that precise geolocation information, as defined, is a data element that fits in with notification statute. The point of a data breach notification to a consumer is to take steps to mitigate economic loss. Precise geolocation is more appropriately regulated in the privacy statute than the breach notification statute.

Christian A. Herb, President, CEMA

Mr. Herb writes in opposition to this bill. A decade ago, CEMA worked with the Attorney General's Office and members of the General Assembly on gouging legislation that protected the consumer and provided the necessary guidance to local small business as to what price gouging is. Gouging consumers is unacceptable but passing a bill that does not precisely define "unconscionably excessive" makes it impossible for a business to understand how they can price the items that they are selling. This is not fair to everyone involved, the consumer and the businesses.

Reported by: Bonnie Gray, Assistant Clerk

Date: 3/25/2023