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NONPROFITS: LEGISLATION

CA Legislature Winding Up Crucial Voting

08.24.26 | Linda J. Rosenthal, JD

For the last several years, we've closely watched and reported in real time on developments in the California Legislature affecting the charitable community.

The California Association of Nonprofits has been the leading voice for our sector and liaison with lawmakers. CalNonprofits was "instrumental" in the creation of the first "select Committees" in each chamber of the Legislature "on the Nonprofit Sector." See *Growing Influence at the State Capitol*, *calnonprofits.org.*

CalNonprofits also publishes the Legislation Tracker (updated daily) in which are listed directly relevant bills as well as others of interest and importance. It also "sponsors" or at least "supports" most of the key bills each year.

Last spring, we wrote about two significant measures:

- *Bill in CA Legislature Aims to Protect Against Exemption-Revocation Threats* (April 29, 2026) *FPLG Blog*
- *CA Nonprofit Grantmaking Reform: Exciting New Developments* (May 7, 2026) *FPLG Blog*

We're now in the closing week of the legislative session: All floor activity and votes must be concluded by August 31st. See *The Legislative Process: A Citizen's Guide to Participation, California State Senate; Notes for the End of Session* (August 20, 2026) Chris Micheli, *capitolweekly.net.*

Last Thursday and Friday, there was positive action on a number of important bills including some moved into the "ENROLLMENT" category or the "CHAPTERED" category. Others were set for "THIRD READING" after the weekend; that is, this afternoon.

A few definitions from the Senate Glossary:

- ENROLLED: ["Whenever a bill passes both houses of the Legislature, it is ordered enrolled. In enrollment, the bill is again proofread for accuracy and then delivered to the Governor. The "enrolled bill" contains the complete text of the bill with the dates of passage certified by the Secretary of the Senate and the Chief Clerk of the Assembly…."]
- CHAPTERED: ["When a bill has been passed by the Legislature and enacted into law, the Secretary of State assigns the bill a 'chapter number' such as 'Chapter 123, Statutes of 1992,' which is subsequently used to refer to the measure in place of the bill number."]
- THIRD READING: ["Each bill introduced must be read three times before final passage. Third reading occurs when the measure is about to be taken up on the floor of either house for final passage."]

In today's post, we'll highlight items already in the ENROLLED or CHAPTERED categories, including the legislation we discussed in our April 29, 2026, post: that is, Assembly Bill (AB) 2084, titled "tax-exempt organizations: revocation of tax-exempt status."

This afternoon, the Senate as well as the Assembly will again convene, particularly to act on the many items marked "THIRD READING." That includes Senate Bill (SB) 1240, titled "Office of Nonprofit Empowerment," featured in our May 7, 2026 post. It is the supercharged follow-up legislation to the ambitious "California Nonprofit Equity Initiative" (2023-2025), parts of which were enacted into law and signed into law, and others which never made it off the governor's desk.

- [***Update:*** *8.25.26, 9 am – The Third Reading(s) for several bills, originally calendared for yesterday, are now rescheduled for today.]*

If, as expected, SB 1240 is approved, it will be a landmark and game-changing law. We'll report on that key item (as well as others) in the next day or so.

Assembly Bill (AB) 2084 ("High Priority")

"Enrolled" as of 8/20/26, Assembly Bill AB 2084, was introduced by Assembly Member Rebecca Bauer-Kahan (D-Alameda, Contra Costa).

Titled "Tax-exempt organizations: revocation of tax-exempt status," it is a response to the Trump administration's repeated threats to weaponize the federal tax exemption against organizations deemed to be uncooperative with the White House's policies, priorities, and agenda.

AB 2084 amends CA Revenue & Taxation Code section 23701 [the state equivalent of IRC section 501(c)(3)]. Existing law provides that, upon revocation of federal exemption, California will also revoke an organization's state-level approval.

Under the new measure, the mandatory-revocation rule is relaxed and made more flexible to give "greater discretion for the Franchise Tax Board" to review the situation to determine if the affected organization qualifies for the state exemption independent of the threats by the federal government.

It effectively "decouples California's process from shifting federal political agendas. This bill does not lower the bar for exemption; it simply provides a fair procedural pathway for nonprofits to prove

their eligibility under California's rigorous standards before being penalized."

According to the Assembly Member Bauer-Kahan, "AB 2084 authorizes the California Franchise Tax Board to preserve a nonprofit's state income-tax exempt status when a federal revocation occurs for reasons unrelated to legal eligibility for revocation. AB 2084 ensures that legitimate organizations are not immediately stripped of their status due to administrative issues or evolving federal interpretations. AB 2084 promotes fairness and stability for nonprofits while preserving the state's ability to enforce compliance with tax-exempt requirements."

As "emergency legislation," it will be effective immediately upon the governor's signature.

See *AB 2084; Senate – Floor Analysis 8/15/2026*. See also *AB 2084 Fact Sheet*; and *CalNonprofits Sponsor Letter* (April 2, 2026).

Assembly Bill (AB) 2221 ("High Priority")

"Enrolled," as of 8/20/26, Assembly Bill AB 2221, was introduced by Assembly Member Jacqui Irwin (D-Los Angeles, Ventura).

Titled "Supervision of Trustees and Fundraisers for Charitable Purposes Act," it is, according to the bill's author, "the latest step in an eight-year effort to update and modernize California's online charitable giving laws. While implementation of AB 488 (2021) has been largely successful, [significant] issues remain." She elaborated: "There is an overemphasis on minor clerical compliance problems. Moreover, certain policy issues left to the regulatory process have created challenges for both charities and fundraising platforms. AB 2221 addresses these issues to help complete the modernization of the law."

The bill "imposes statutory, regulatory and process improvement to address longstanding and ongoing challenges associated with the [Registry of Charitable Trust's] response times, customer service, and adverse impacts on nonprofits that render them unable to operate, fundraise, or be paid for services."

Despite "much appreciated efforts by the DOJ to modernize the Registry," CalNonprofits, a sponsor of the bill, characterizes the Registry's "processes as "out of step with the rest of the country… AB 2221 provides a necessary correction, shifting the DOJ's focus away from administrative minutiae and toward violations that actually threaten public trust." But, under the current approach, nonprofits are trapped in a cycle of months-long delays associated with simple ministerial paperwork—a status quo that is both unsustainable and detrimental to the nonprofit sector's health."

See AB 2221: Senate – Floor Analysis 8/14/26 as well as *CalNonprofits Sponsor Letter (March 17, 2026)*; and *CalNonprofits Sponsor Letter (July 13, 2026)*.

Additional Successes on "Supported" Measures

- ***Assembly Bill (AB) 2624 ("Support")***

"CHAPTERED," as of 8/22/26, Assembly Bill (AB) 2624 was introduced by Assembly Member Mia Bonta (D-Alameda, San Francisco). It has been "approved by the Governor" and "chaptered by

Secretary of State – Chapter 117, Statutes of 2026."

Titled "Privacy for immigration support services," the measure "expands the Secretary of State's Safe at Home Program to include individuals who provide, support, or access immigration legal and community-based services." It also extends address confidentiality protections and related online privacy and anti-doxxing rules to designated immigration support services providers, employees, and volunteers, and would create new crimes and local agency duties beginning October 1, 2027."

The new law allows "eligible individuals at immigration support services facilities to keep their home address confidential from public records, prohibit the online sale or trade of their personal information or images with harmful intent, and bar posting such information when intended to enable violence or threats." There are also legislative findings on "public access limits."

See *AB 2624 – Assembly – Floor Analysis 8/18/26;* and *CalNonprofits Support Letter* (April 1, 2026)

- ***Senate Bill (SB) 1159 ("Support")***

"ENROLLED," as of 8/20/26, Senate Bill (SB) 1159, titled "Artificial intelligence: transparency and governance," was introduced by Senator Christopher Cabaldon (D – Contra Costa; Napa; Solano; Sonoma; Yolo).

Titled "Artificial intelligence: transparency and governance," SB 1159 "clarifies that California's transparency and governance laws apply to human beings and legally recognized entities, not to artificial intelligence systems operating autonomously or at scales designed to overwhelm governmental processes."

The author had pointed out a recent incident that underscores the need for such a law: A public agency that had proposed environmental regulations discovered that more than an insubstantial portion of the emails they received from the public had been AI-generated.

In its Support Letter dated March 16, 2026, CalNonprofits emphasized its "strong support of SB 1159" particularly because, as a "statewide policy alliance of more than 10,000 organizations, it is the voice for California's nonprofit community." Through "advocacy, we protect and enhance California nonprofits' ability to serve our local communities, our state, the nation, and the world." Infiltration of artificial intelligence systems that can operate "autonomously" can "overwhelm government processes." These systems can submit "infinite automated public records requests, generate mass public comments on proposed regulations, file automated petitions for rulemaking, or otherwise flood governmental agencies with interactions that simulate human participation."

See *SB 1159 – Assembly – Floor Analysis 8/18/26;* and *CalNonprofits Support Letter* (April 1, 2026)

Conclusion

Earlier this month, on August 5, 2026, the California Assembly and Senate Select Committees on the Nonprofit Sector held their latest Joint Hearing in connection with the current legislation (sponsored by many of those select-committee members) moving through the Legislature.

As always, they prepared an impressive package of informational materials. This early-August bundle heavily focused on Senate Bill (SB) 1240, "Office of Nonprofit Empowerment," that will be on today's

calendar in the Legislature.

It's a big and important measure that will benefit the nonprofit sector, the government of the State of California (and the localities), and the general public. See Agenda; Background Report; and CalNonprofits's "Key Takeaways."

It's worth a quick peek in advance of the lawmakers' final deliberations. There will be much more discussion about it once it is signed into law.

And a quick reminder, a customary caution: No matter how strong is the legislative support for a particular bill – and for this one, there is no opposition at all – "the governor bats last." He has the veto power. In the past few years, there have been some unwelcome surprises in September.

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