NONPROFITS: LEGISLATION

More Legislative Progress for CA Nonprofits

08.28.26 | Linda J. Rosenthal, JD

Lawmakers in Sacramento had hoped to finish up this year's legislative work today, beating the mandatory constitutional deadline of Monday night, August 31st, 2026, with a few days to spare.

They have been working feverishly this final week of the 2025-2026 biennial session but the stack of bills still awaiting decision is so large that some items may not make it over the finish line in time.

On September 1st, the next phase begins. The countdown starts for Governor Gavin Newsom to act on each of the passed measures – one way or the other – by September 30, 2026.

In our post last Monday, *CA Legislature Winding Up Crucial Voting* (August 24, 2026), we reported on considerable progress for bills sponsored or supported by the California Association of Nonprofits.

These measures of particular relevance and interest to the state's charitable sector have been featured all session long at the online Legislation Tracker, updated daily, by CalNonprofits. That resource includes links to substantial background information on each bill including: author comments, vote histories, amended versions marked up with changes made, floor analyses, and current status.

Note these helpful definitions from the state Senate's Glossary:

- ENROLLED: ["Whenever a bill passes both houses of the Legislature, it is again proofread for accuracy and then delivered to the Governor." The "enrolled bill" contains "the complete text, 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."]

Since our post last Monday, there has been additional progress on several of the bills on the *Legislation Tracker.* We'll cover those items below.

One of the "Enrolled" items, however, took a step backwards. It was withdrawn temporarily out of that status for further amendment. See Assembly Bill (AB) 2221, "Supervision of Trustees and Fundraisers for Charitable Purposes Act," introduced by Assembly Member Jacqui Irwin (D-Los Angeles, Ventura). This is an important piece of legislation needed to modernize the Registry of Charitable Trusts to keep up with, and better accommodate, the state's landmark charitable crowdfunding law enacted a few years ago.

Our new reporting today includes two measures that have moved into "Enrolled" status since our earlier post. They are: (1) improvements to the CA Nonprofit Security Grant Program; and 2) a property measure that "ensures that charitable gifts left to nonprofits are delivered efficiently and without unnecessary barriers."

The current reporting also includes one of two bills currently working their way through the Legislature after having earlier been part of CA Nonprofit Equity Initiative (2023-2025). Both were approved by lawmakers in 2024 but not signed into law by Governor Newsom. These two holdover measures are proceeding at slightly different speeds this time around. One measure has now moved into "Enrolled" status. The second is scheduled for its "Third Reading" this afternoon and should move into the "Enrolled" category in the next day or so.

The most exciting news is about this year's marquee measure: a brand-new comprehensive bill to overhaul the state's grantmaking system and to create a centralized Office of Nonprofit Empowerment in state government. The measure has been approved by both the Assembly and the Senate, earning "Enrolled" status. A few months ago, we wrote about this visionary and much-needed legislation. See CA *Nonprofit Grantmaking Reform: Exciting New Developments* (May 7, 2026) *FPLG Blog.*

Senate Bill (SB) 1288 – ("High Priority")

Enrolled" as of 8/25/26, Senate Bill (SB) 1288 was introduced by Senator John Laird (D-Santa Cruz; San Benito; Monterey; San Luis Obispo). It is sponsored by CalNonprofits.

Titled "Property: nonprobate transfer of ownership," the bill "ensures that charitable gifts left to nonprofits are delivered efficiently and without unnecessary barriers." It "addresses longstanding gaps in how financial institutions distribute beneficiary funds after an account holder's death – gaps that too often prevent nonprofits from receiving gifts intended to support their missions."

Currently, “state law lacks a clear process for financial institutions to notify nonprofit beneficiaries when an account holder dies. As a result, nonprofits may never learn they were named. If funds go unclaimed for three years, they are transferred to the state. Even when nonprofits do become aware of a gift, they often face administrative barriers to receiving the funds.”

Assembly Bill (AB) 1836 – (“Support”)

“Enrolled,” as of 8/27/26, Assembly Bill (AB) 1836 was introduced by Assembly Member Jesse Gabriel (D-Los Angeles, Ventura).

Titled “California State Nonprofit Security Grant Program,” it expands the California counterpart to the federal security grant program for nonprofits. This measure will allow nonprofits “to use grant funding for security at offsite events. The urgency of this need was demonstrated tragically at the Bondi Beach mass shooting in Australia a year ago, at an outdoor Chanukah celebration.

“Many nonprofit organizations do not have a permanent physical location and instead host events throughout the community. With hate-motivated violence on the rise, gathering in this way is becoming more dangerous, and the need for greater security is often cost-prohibitive. The expansion of the grant program provides necessary protections.”

Assembly Bill (AB) 880 – (Support, “High Priority”)

“Enrolled,” as of 8/26/26, Assembly Bill (AB) 880 was introduced by Assembly Member Steve Bennett (D-Ventura). It is sponsored by CalNonprofits.

Titled “State government grants and contracts: payment of claims and grantees’ indirect costs,” it was originally part of the CA Nonprofit Equity Initiative. The measure was approved by lawmakers but was not signed by Governor Newsom that year.

It “extends the Prompt Payment Act to all state contracts with nonprofits, sets a discrepancy threshold for delaying payments, and removes the eligibility cap on nonprofit contracts.” It also mandates that the state “pay a nonprofit contractor its negotiated federal rate (if it has one) or other agreed upon rate to cover indirect costs.”

It “incentivizes the state to make timely payments and prevents very small discrepancies from holding up disbursements.” It also aligns state reimbursement rates and processes for nonprofit-contractees with the higher levels allowed by the federal government. It will also “simplify paperwork and accounting” for the state and the nonprofit organizations.

“This bill revises the definition of the term ‘grant’ in the PPA to include a signed final agreement between any state agency and a nonprofit, and deletes the $500,000 exception in the act. Additionally, this bill requires the discrepancy to be of an amount greater than $250 or 5% of the invoice or claimed amount, whichever is less, in order to qualify as a reasonable cause for the state agency to dispute it.”

Senate Bill (SB) 1240 – (“High Priority”)

“Enrolled,” as of 8/27/26, Senate Bill (SB) 1240 was introduced by Assembly Member Jerry McNerny (D-San Joaquin, Alameda). It is sponsored by CalNonprofits.

Titled "Office of Nonprofit Empowerment," it "establishes a new office within California's state government to strengthen the connection between the state and its nonprofit partners.

This new entity – to be known as the Office of Nonprofit Empowerment (ONE) – will serve as a problem-solver, advocate, and training resource to consistently improve collaboration between state government and the nonprofit sector."

Sponsored as well by the state's Little Hoover Commission, this much-needed measure "will build a more responsive government-nonprofit infrastructure within state government."

Conclusion

Next up will be a post devoted to this game-changing development for the mutually beneficial partnership between California's largest-in-the-nation charitable sector and the state government. Senate Bill (SB)1240 will be the catalyst for important modernization of California's problem-plagued grantmaking system. Considering the collapse of funding at the federal level, this new state initiative is more critical and welcome than ever.

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