

**MAIN OFFICE**

870 Market Street, Suite 985  
San Francisco, CA 94102  
(800) 776 4226

**SACRAMENTO**

1100 11th Street, Suite 10  
Sacramento, CA 95814

**LOS ANGELES**

1000 North Alameda, Suite 240  
Los Angeles, CA 90012  
(213) 500 2274

**CALNONPROFITS INSURANCE**

1500 41st Avenue, Suite 280  
Capitola, CA 95010  
(888) 427 5222

May 16, 2019

The Honorable Phil Ting  
Chair, Budget Committee  
California State Assembly  
State Capitol  
Sacramento, CA 95814

The Honorable Holly Mitchell  
Chair, Budget Committee  
California State Senate  
State Capitol  
Sacramento, CA 95814

The Honorable Jim Cooper  
Chair, Budget Subcommittee #4  
California State Assembly  
State Capitol  
Sacramento, CA 95814

The Honorable Maria Elena Durazo  
Chair, Senate Budget Subcommittee #4  
State Capitol, Room 5019  
Sacramento, California 95814

**RE: Eliminating the FTB Filing Fee for Tax-Exempt Organizations**  
(Issue 63 on May 9, 2019 agenda)

Dear Senators Durazo and Mitchell, and Assemblymembers Ting and Cooper,

California Association of Nonprofits (CalNonprofits), a statewide policy alliance of more than 10,000 organizations, is the voice for California's nonprofit community. Through our advocacy work, we protect and enhance the ability of California's nonprofits to serve our state, the nation and the world. I write to request to convey our support for the legislative request to eliminate the filing fees charged by the state to tax-exempt organizations for submitting an application and annual information by the Franchise Tax Board (FTB).

Many nonprofits are small, with little or no administrative staff. As noted in CalNonprofits' seminal report *Causes Count: The Economic Power of California's Nonprofit Sector*, out of the approximately 72,000 active nonprofits in California, only about 25,000 have paid staff and 39 percent of nonprofits reported fewer than five employees.

Smaller nonprofits and all-volunteer groups, such as neighborhood food pantries, youth sports leagues, and garden clubs often struggle to meet the various reporting requirements and fee schedules. As a result, organizations sometimes unintentionally fall out of compliance with the FTB. This creates additional work for the FTB and the nonprofit alike.

Eliminating the filing fees charged to tax-exempt organizations for submitting an application, as well as the annual information return Form 199 filing fee would resolve these issues, enabling the FTB to shift its staff to more cost-effective work and make it easier for nonprofits to stay in compliance with state rules.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Masaoka". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jan Masaoka,  
CEO, California Association of Nonprofits

cc:

Joe Stephenshaw, Senate Budget Committee

Chantele Denny, Senate Republican Caucus

Christian Griffith, Chief Consultant, Assembly Budget committee

Jennifer Fearing, Sacramento Advocate, California Association of Nonprofits