

HOUSE BILL REPORT

SSB 6230

As Reported By House Committee On:
Judiciary

Title: An act relating to business organizations.

Brief Description: Changing charitable organizations and business licensing provisions.

Sponsors: Senate Committee on Law & Justice (originally sponsored by Senators M. Rasmussen, Nelson and Haugen; by request of Secretary of State).

Brief History:

Reported by House Committee on:
Judiciary, February 25, 1994, DPA.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: Do pass as amended. Signed by 17 members: Representatives Appelwick, Chair; Johanson, Vice Chair; Padden, Ranking Minority Member; Ballasiotes, Assistant Ranking Minority Member; Campbell; Chappell; Eide; Forner; J. Kohl; Long; Morris; H. Myers; Riley; Schmidt; Scott; Tate and Wineberry.

Staff: Anastasia Sandstrom (786-7349).

Background: In 1993, legislation was enacted to update the statutes which govern the activities of the corporations division of the office of the Secretary of State and to strengthen the laws concerning charities, commercial fund-raisers, and charitable trusts.

Charitable organizations are required to register with the Secretary of State prior to engaging in fund-raising efforts targeting the general public. Current law exempts any charitable organization that raises less than \$5,000 a year from this registration requirement.

Charitable solicitations conducted by mass distribution (e.g., advertisements, posters, audio or video broadcasts) are required to include the disclosure that additional information can be obtained at a "toll-free number."

Certain fee and penalty amounts for other activities regulated by the corporations division of the Secretary of State are set by statute.

Summary of Amended Bill: The Secretary of State will set by rule the base revenue amount exemption for charitable registration rather than having the amount set by statute.

Specific references to a "toll-free number" for consumer information are changed to refer to the "published" telephone number in the office of the Secretary of State.

A procedure is established that allows the Secretary of State to waive an assessed penalty due from a charitable organization if the Secretary of State determines that mitigating circumstances exist to allow relief from the penalty. A denial for relief is not administratively reviewable.

Additional revisions are made to clarify some of the requirements enacted in the 1993 legislation.

Certain fee and penalty amounts for other activities regulated by the corporations division of the Secretary of State are now determined by rule.

Amended Bill Compared to Substitute Bill: The original bill was changed by a technical amendment to clarify which charitable organizations must give consent for the use of their names.

Fiscal Note: Not requested.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This legislation contains the necessary clean-up measures to make the charitable organization legislation passed last year work.

Testimony Against: None.

Witnesses: Senator Marilyn Rasmussen, prime sponsor (pro); and Ralph Munro, Secretary of State (pro).