

SENATE BILL REPORT

SHB 1485

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, March 24, 2011

Title: An act relating to charitable solicitations.

Brief Description: Regarding charitable solicitations.

Sponsors: House Committee on Judiciary (originally sponsored by Representatives Rodne, Kirby, Pedersen, Johnson and Kelley; by request of Secretary of State).

Brief History: Passed House: 2/26/11, 97-0.

Committee Activity: Labor, Commerce & Consumer Protection: 3/17/11, 3/24/11 [DPA].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: Do pass as amended.

Signed by Senators Kohl-Welles, Chair; Conway, Vice Chair; Holmquist Newbry, Ranking Minority Member; King, Assistant Ranking Minority Member; Hewitt, Keiser and Kline.

Staff: Mac Nicholson (786-7445)

Background: The Charitable Solicitations Act (CSA) regulates charitable organizations and commercial fund raisers in the state. Charitable organizations must register with the Secretary of State (SOS) prior to conducting any solicitations or requests for a contribution. Registrations must be renewed annually. The initial registration fee for a charitable organization is \$60, with a \$40 renewal fee. A portion of each registration and renewal fee is placed into the state general fund, with the remainder deposited into the charitable organization education account.

Each application for registration, whether initial or renewal, must include specific information as provided in statute, including a solicitation report of the organization for the preceding accounting year. The solicitation report must include the types of solicitations conducted; the dollar value of contributions received; the total amount of money applied to charitable purposes, fund-raising costs, and other expenses; and the contact information of any commercial fund-raiser used by the organization.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Organizations that raise less than \$25,000 per year are exempt from registration, provided the fund-raising is conducted by volunteers and the officers or members of the organization do not receive assets or benefits from the organization.

Summary of Bill (Recommended Amendments): The CSA is re-organized and changes are made to language throughout the CSA to provide consistency with defined terms. Charitable organizations do not need to register if the organization raises less than \$50,000 in any accounting year. Charitable organizations and commercial fund raisers are considered registered 20 days after receipt of the registration or renewal form by the SOS, and may engage in solicitation of contributions at that point. If the application is incomplete, or the registration fee isn't paid, the SOS can hold the application for 30 days. If the organization fails to correct their application, all solicitations must immediately stop.

Charitable organizations that file federal tax forms are not required to file a copy of the tax form with the SOS if the organization makes the tax form available for public inspection under federal law. Social security numbers and financial account numbers in CSA documents are not public information. Commercial fund raisers must disclose the names of any entity to which any cost is to be paid. The SOS is given the authority to send notices electronically, set the amount of the surety bond to be filed by commercial fund raisers, and notify the public when an entity is soliciting without being registered as required.

EFFECT OF CHANGES MADE BY LABOR, COMMERCE & CONSUMER PROTECTION COMMITTEE (Recommended Amendments): The amendment sets the registration threshold requirement for a charitable organization at \$50,000.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Substitute House Bill: PRO: This is similar to the Senate bill that was heard in committee earlier this session, but does not contain the two-year registration. Financial information published for the public can already be 11 months old by the time its published; and there is concern that the older the information is the harder it is for the donors to know what the charity is doing with the money, and it's harder to prosecute charities for fraud. This bill will allow the Secretary of State to establish a \$50,000 limit for registration. This bill contains good suggestions for making the law easier to administer and comply with. The lifting of the requirement to file paper copies of forms is a good thing and will save time and money.

Persons Testifying: PRO: Pam Floyd, Office of the Secretary of State; Putnam Barber.