

SENATE BILL REPORT

SB 5164

As of February 9, 2011

Title: An act relating to registration of charitable organizations.

Brief Description: Concerning the registration of charitable organizations.

Sponsors: Senators Schoesler and Delvin.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/20/11.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Mac Nicholson (786-7445)

Background: Charitable organizations must register with the Secretary of State 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.

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: The registration of a charitable organization that raises less than \$100,000 per year is effective for three years. If a charitable organization with a three year registration reasonably anticipates raising more than \$100,000, the organization must notify the Secretary of State, who can reevaluate the registration requirements.

Appropriation: None.

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.

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: PRO: This is a relatively simple bill. This issue arose when the Washington Wheat Foundation was sent a bill for a form they never received. Volunteers at charities put in a lot of time for relatively small amounts of money and instead of an annual registration, the state should move to a three year registration to make sure it's worth a volunteer's time. This gives small charities one less paperwork burden.

OTHER: This bill will reduce financial and paperwork burden and those are important issues; however, the bill as written could cause some confusion. The language as written could lead to misleading financial information which the public uses to make decisions about donations; as, the financial information would only be updated once every three years. Legislation has been drafted to help reduce the paperwork burden for charities and streamline the process.

Persons Testifying: PRO: Senator Schoesler, prime sponsor.

Other: Linda Shea, Office of the Secretary of State.