

State Registration requirements for Non-profits

Addressing the need for nonprofits to register to fundraise in each state.

If your nonprofit plans to solicit funds from out-of-state donors by phone, letter, email, on the web, or in any other manner, it's essential to fill out IRS Form 990 so that your organization stays legal. If your nonprofit organization requests donations from residents of any one of the 40 states that require nonprofits to register in order to solicit contributions, you need to know about nonprofit fundraising registration. In the past, nonprofits may have been able to get by while letting these requirements slide, but the IRS and state governments are cracking down. And chances are your nonprofit will be affected by these registration rules, since they're on the books in every state *except* Delaware, Idaho, Indiana, Iowa, Montana, Nebraska, Nevada, South Dakota, Texas, Vermont, and Wyoming.



Subject to some important exceptions that you should know about, all states other than the 11 identified above require nonprofits that solicit contributions from state residents to register with a state agency. Solicitations can include any type of requests for donations by mail, phone, advertisement, email, or Internet, regardless of whether the nonprofit actually receives any donations.

States That Require Fundraising Registration

Alabama	Hawaii	Mississippi	Oregon
Alaska	Illinois	Missouri	Pennsylvania
Arizona	Kansas	New Hampshire	Rhode Island
Arkansas	Kentucky	New Jersey	South Carolina
California	Louisiana	New Mexico	Tennessee
Colorado	Maine	New York	Utah
Connecticut	Maryland	North Carolina	Virginia
Dist. of Columbia	Massachusetts	North Dakota	Washington
Florida	Michigan	Ohio	West Virginia
Georgia	Minnesota	Oklahoma	Wisconsin

- 1861 Wiehle Avenue, Suite 125, Reston, VA 20190
Tel: 703.437.8877 • Fax: 703.437.8937
- 10502 Crestwood Drive, Manassas, VA 20109
Tel: 703-365-8877 • Fax: 703-365-8937
Email: info@millermusmar.com • www.millermusmar.com

Why Register Your Nonprofit?

Until recently, all but the largest nonprofits that solicited contributions nationwide tended to ignore state registration requirements. Indeed, some experts estimate that as many as 90% of all nonprofits failed to register in one or more states even though they were required to do so by state law. Typically, nothing happened because most states lacked the resources to enforce their registration laws.

However, the game has changed. The IRS's recently redone Form 990 now requires nonprofits to provide information about their state registration. Thus, nonprofits need to pay attention to state registration requirements to properly complete their annual IRS information returns. If you don't, you risk unwanted attention and scrutiny from the IRS and states, and potential problems with donors.

You don't just have the IRS to worry about. If you don't register in a state where you are required to, you are breaking that state's law. States may impose fines and other penalties on nonprofits that fail to register. These fines can be substantial. For example, Pennsylvania imposes a minimum \$1,000 fine for failing to register. Moreover, the state may order the nonprofit to cease soliciting donations within the state until you register there.

How to Register Your Nonprofit with the State

Registration involves filing an application with the appropriate state agency and, in most states, paying a registration fee. You'll usually have to provide financial information with your application. Often, this can be a copy of your most recent Form 990. Registration usually consists of two parts: an initial registration application and an annual renewal/financial reporting requirement. The financial reporting may require audited or reviewed financial statements, so please consult with your CPA before starting.

Unfortunately, there is no single national registration application that works in every state. Instead, your nonprofit must individually register with each state where it is required to do so, following that state's particular requirements. These requirements differ from state to state -- sometimes dramatically -- so the more states you fundraise in, the more registration work you will have. Even the name for registration varies depending on what state you're in -- in some states, it's called a registration statement; in others, it's called a license, solicitation permit, or certificate.

Your Nonprofit May Be Exempt from Registration Requirements

Fundraising registration can be a hassle, but many types of nonprofits are exempted from most states' registration requirements. Most states exempt nonprofit hospitals, educational institutions, religious institutions, and very small nonprofits from the fundraising registration requirement. A few states also exempt nonprofits that receive contributions from less than a specified number of state residents. For example, Michigan exempts nonprofits that receive contributions from ten or fewer people during the year.

If your nonprofit is fortunate enough to fall into one of the exempt categories, your registration burden will be greatly lessened or even eliminated. Unfortunately, determining whether your nonprofit is exempt can be difficult. The list of exempt nonprofits varies from state to state. Thus, a nonprofit can be exempt in one state but not another. For example, a nonprofit that receives contributions under \$25,000 per year is exempt from registering in New York, but

not in California. This means that you will have to look at the laws of each state to see if an exemption applies to your nonprofit. In addition, in 12 states, exemptions are not automatic -- a nonprofit must have its exemption confirmed by the state charity office.

Can You Register Your Nonprofit Yourself?

Larger nonprofits typically hire law firms or CPA firms to handle their registrations. For more information please contact us at 703-437-8877 or at info@millermusmar.com