

Digging for EO-Guidance Treasure at the State Level

09.26.25 | Linda J. Rosenthal, JD



Previously in September, on the [8th](#) and the [12th](#), we reported good-news updates on the tale that began in [New Treasure Trove of EO Guidance](#) (April 25, 2023) *FPLG Blog*. Since about 2021, “the Exempt Organizations and Government Entities Division of the IRS has been rolling out the first group of new documents in its [multi-year project](#) to overhaul and improve the agency’s guidance hub on the laws and procedures for tax-exempt organizations.”

The [current-day headlines](#) are about the IRS EO/TE Division’s managing to keep its valuable cache of educational resources alive despite a massive bombardment of budget cuts and chaos this year from both ends of Pennsylvania Avenue.

Earlier this week, our post dated September 20, 2025, [State AGs As Sources of Exempt Organizations Guidance](#) was a pivot to updating and – more thoroughly than before – gathering and reporting on educational and training resources from state-level charity regulators. See, for instance, what had been the FPLG Blog’s most recent entry on this topic a year ago: [Major Revisions to California AG’s Guide to Charities](#) (December 5, 2024) [“Over the past two decades the attorneys general of the individual states have aggressively reasserted their [longstanding – but mostly dormant – power](#) to regulate charities and charitable trusts within their borders.”]

The September 20th post, (having garnered more attention than expected), bolstered a resolve to dig more deeply on the matter to give the state charity regulators their due.

The Hunt Begins



Armed with a newly discovered “map” buried so deep on the IRS website that I had never seen it before, the hunt began at State links for exempt organizations: “State government websites with useful information for tax-exempt organizations, including registration requirements for charities, taxation, information for employers, and more – States or Areas A-Z.”

The effort has yielded some golden nuggets and more leads to pursue. Peppered throughout, though, were disappointing detours and dead ends. Nevertheless, the review will continue over the weekend and beyond: The lure of buried treasure is too hard to resist.

The tough choice for this interim post as the search continues is whether to (a) do the right thing by setting the stage with (much) more invaluable background information on state charity oversight or (b) revealing the new “loot.”

The compromise is a bit of both: Offering a few additional information links followed by a peek at a particularly meaty morsel of just-discovered state-level guidance; what French chefs call an “amuse bouche.”

The State Regulators

According to the National Association of Attorneys General, the “model of an attorney general with responsibility to protect the interests of the general public in connection with charitable trusts, assets, and solicitations is now ‘firmly rooted’ in each and every state, territory and the District of Columbia.” They add: “While the IRS and the FTC play valuable roles, State Attorneys General remain the chief custodians of the public’s trust in the nonprofit sector.”

Focusing attention on the state-level charity officials is an important change of focus from the “widely held mindset of viewing ‘... the Internal Revenue Service, through its statutory authority under the Internal Revenue Code to grant or deny tax-exempt status, as the focus of charity oversight in the United States.’ That agency’s ‘preeminent power’ was clear ‘in the second half of the twentieth century.’”

But “since the turn of the 21st century, ‘the IRS – including, notably, its exempt-organizations operation – has been beaten down by a Congress intent on imposing draconian budget cuts and otherwise reining it in....’”

Simultaneously, for a variety of reasons, charity oversight by state officials began a dramatic ascent or – shall we say – recovery from its self-imposed second-class status for the last hundred years.

“The IRS is not the only sheriff in town,...” *The Rising of the States in Nonprofit Oversight* (August 11, 2016) Professor LLoyd H. Mayer, Notre Dame, *The Nonprofit Quarterly*: “The bottom line is that nonprofits need to be aware that even as IRS enforcement of the federal requirements for tax-exempt organizations continues to be battered by limited resources and congressional criticism, the states have quietly laid the groundwork for more effective individual and collective oversight of nonprofits. That groundwork is starting to bear fruit,”

Nonprofits, therefore, advises Professor Mayer, “must be sure to treat compliance with their state legal obligations as seriously as compliance with their federal tax obligations, as well as making sure to keep track of the ongoing state law developments that could impact them in numerous ways.”



The nation's attorneys general in the states, the District of Columbia, and the territories affirm their "top dog" role. See e.g., *Chapter 12: Protection and Regulation of Nonprofits and Charitable Assets* in the 4th Ed. 2018 of *State Attorneys General Powers and Responsibilities*. Chapter authors: Assistant AG's of Missouri and Connecticut.

"Attorneys general are charged with the *unique and important duty* of defending the public's interest in charitable assets and protecting the hundreds of billions donated to charity every year...." (emph. added)

"Charitable entities hold assets for the benefit of the public and in most states only the attorney general has the power and standing to intervene and investigate misappropriation of charitable funds, breaches of fiduciary duty and self-dealing by directors, and fraud in charitable solicitations."

Similarly, see *The New 990 and its Relationship to California Law* (likely from 2008 but still current on CA AG's website): "In California, the Attorney General oversees charities ... The authority "proceeds from the common law as well as various California statutes" and "is implemented in regulations "

This body of state law "differs in some respects from federal tax law applicable to charities. More broadly, it establishes standards of conduct for charities that, as the IRS 990 instructions recognize, are 'not required under the Internal Revenue Code.'"

The bottom line for "charities incorporated or doing business in California, various lines and schedules of the new 990 can serve as a helpful checklist of charity governance issues that are of concern to both the federal and state governments. More important, they should call to mind specific standards that, while absent from federal tax law, must be followed by California charities...."

More Helpful Articles

- *Charitable Oversight: Insight from Regulators and Enforcers* (July 21, 2025) Lynda Atkins, Karen Kunstler Goldman, et al, *De Gruyter Brill* ["As charitable giving and the number of nonprofit organizations in the U.S. continue to grow, effective regulation is essential to ensuring that donations to charity are used appropriately and for their intended charitable purposes. State charity regulators, who often operate with limited resources, are at the forefront of these efforts, working to detect and prevent fraud, mismanagement, and other violations of law."]
- *State Regulation of the Charitable Sector Enforcement, Outreach, Structure, and Staffing* (February 2018) Shirley Adelstein & Elizabeth T. Boris, *Urban Institute*. ["As the primary regulatory and enforcement entities for charitable organizations, {state charity} offices protect charitable assets, propose or review state legislation affecting charities, and educate the charitable sector on permissible and prohibited activities....The attorney general's legal authority is exercised primarily in five areas of law: 1) nonprofit corporations 2) charitable trusts, 3) charitable solicitations, 4) registration, and 5) healthcare conversions."]
- *Bifurcation of State Regulation of Charities* (April 3, 2018) Cindy M. Lott, Mary L. Shelley, Nathan Dietz, and Marcus Gaddy, *Urban Institute* ["In 27 United States jurisdictions, the



attorney general is the sole state-level regulator of charitable organizations and charitable solicitation. In the other 24 jurisdictions, state-level charity regulation is split between two entities: the state attorney general and another state agency, most commonly the secretary of state. This division of regulatory authority is called ‘bifurcation.’”

Amuse Bouche

Ah – the amuse bouche!

The tasty morsel is: [Washington Nonprofit Handbook: How to Form & Maintain a Nonprofit Corporation in Washington State \(2022 Edition\)](#).

At 383 pages (PDF), it is published by “Communities Rise in Partnership with Nonprofit Association of Washington and Washington State Office of the Secretary of State.” (This state is a “bifurcated” system for state charity offices.)

Washington State’s charity officials offer a wide variety of worthwhile educational material for its charitable nonprofits. However, the Secretary of State’s website-navigation system is a frustrating barrier to finding this cache of knowledge.

My initial find of this gem a few days ago was almost by accident after trolling the WA SOS website and affiliate links for a few hours. The [Handbook](#) was buried on the website of the [Communities Rise](#) affiliate link.

Although I have the URL linked to the affiliate website, I experimented again today trying to find it via the SOS homepage: namely, beginning with “Corporations-Charities.” After an hour or so, I gave up.

That I am now selecting the [Washington Nonprofit Handbook](#) as the amuse-bouche winner for this interim post is a testament to the excellence of this resource.

[Note 9/27/25]: Any and all reference material should be looked over by the authors or sponsors from time to time to check for accuracy under the law. I’m a big fan of notations like “last reviewed or updated xx/xx/xxxx” especially on government publications and websites. In particular, considering the volatility of law and official policy under the current administration in Washington, D.C., even recent publications may need reviews or alerts.]

Conclusion

State charity officials around the U.S. view an “education” prong as [a vital part of their outreach duties](#) to the public. With more training and information, a state’s charities are better prepared to act in accordance with law, thus reducing the need for the state’s costly and intrusive enforcement activities. The number of charitable nonprofits has grown rapidly in recent years, while state-government budgets have been, and remain, tight. So this aspect of the state’s oversight duties becomes a fiscal imperative.

State charity offices [routinely engage a variety of partner organizations](#) to conduct outreach activities, the most common partners being state nonprofit associations and bar associations. While community groups “that provide educational programming to charities” are among the least likely to undertake this work, Seattle’s [Communities Rise](#) certainly deserves congratulations for its



extraordinary efforts and contributions!

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