

# Let's Start the New Year with Good News: Progress on the Multistate Charitable Solicitation Registration

01.03.17 | Linda J. Rosenthal, JD



Perhaps the most unexpected aspect of the recent, bizarre, presidential campaign was that charity law – yes, charity law! – was thrust into the daily news cycle.

Among the meaty issues – alleged or real – that legal analysts, anchors, and pundits tossed about is the often-overlooked requirement in about ¾ of U.S. jurisdictions that 501(c)(3) charities file state charitable solicitation registration documents.

While there are confusing details, the basic requirement is straightforward: A charity incorporated in any of these states must register in that jurisdiction – above and beyond the incorporation filings and federal and state tax exemption applications. We explained the California solicitation registration rules in [“The Second Way to Get Noticed by the California Attorney General.”](#)

The complexity of the charitable solicitation registration requirement emerges because many of these states are concerned not only about their own charities’ solicitation activities, but also about the fundraising tentacles of out-of-state charities affecting in-state residents.

When and how, exactly, does a charity solicit beyond its own borders? And how has the internet complicated this question, with online websites and “donate now” buttons? Is the answer that a charity with an active online presence should register with each and every one of these individual states that has a solicitation registration requirement?

While this multi-state registration may be the prudent course of action, it is – currently – a substantial expense, burden and obstacle, especially for smaller organizations.

There’s a solution on the horizon, though – confirmed by government regulators at their October 2016 annual meeting in Washington, D.C. It should be a vast improvement on the current system.

## *Background: Charitable Solicitation Registration Confusion*

Thirty-nine states and the District of Columbia each “require some form of periodic charity registration. This “creates a substantial administrative and filing burden for organizations fundraising in multiple jurisdictions.

That’s not to say that a nonprofit must fill out paperwork with each and every one of these 40 jurisdictions. State charity regulation officials attempted a “fix” known as a “Uniform Registration Statement.” Of the 40 jurisdictions that have charitable solicitation mandates, 37 will accept the Uniform Registration Statement (URS) “but that still requires an organization to file the URS with each state’s charity official (typically the Attorney General) and, in 13 jurisdictions, specific supplemental forms.”

According to the URS website, it “represents an effort to consolidate the information and data requirements of all states that require registration of nonprofit organizations performing charitable solicitations within their jurisdictions.”

The URS is –

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*an alternative to filing all of the respective registration forms produced by each of the cooperating states. In those states, a registering nonprofit may use either the state form or the URS. Thus, the URS proves most useful to nonprofits soliciting regionally or nationally and, therefore, subject to the registration laws of multiple states. But the URS may be used by any nonprofit that is registering in a state accepting it.*

Apparently without irony, the website writers assert that “[c]onceptually, the process is simple.” It isn’t.

In the most recent version (March 2014), there is quite a bit of paperwork, and – for 13 states, including California – there are additional required supplementary forms to complete. In Oklahoma, Florida, and Colorado, the URS is not accepted at all.

This maze of requirements, and uncertainty about the threshold question about whether multi-state registration may be required in a particular instance, has been a daunting challenge for charitable organizations. It is a regulatory and administrative nightmare for regulators charged with charitable solicitation oversight.

### *Initiative Launch Announced Earlier This Year*

Charity regulators around the nation came up with a better idea: a simplified, single-portal system for multistate charitable solicitation registration:

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Recognizing the complicated labyrinth that is the multi-state charitable solicitation registration process, a new organization called the Multistate Registration and Filing Portal, Inc. has been formed as a Delaware nonprofit corporation (“MRFP”). The MRFP is working with the National Association of States Charities Officials and the National Association of Attorneys General to develop an online system that will permit nonprofits and professional fundraisers to comply with all states’ registration and annual filing requirements through a single portal. This single portal initiative, if successful, would be a welcome alternative for nonprofits that have been forced to risk imperfect compliance or spend substantial resources attempting to comply with registration requirements across the states where they solicit.

Called the Single Portal Initiative, there is an initial pilot program of 12 states including: Alaska, California, Colorado, Connecticut, Hawaii, Illinois, Massachusetts, Michigan, Mississippi, Missouri, New Hampshire and Tennessee. The MRFP ultimately plans to facilitate filing with all states’ registration and annual filing requirements through the single online portal.

If successful, the single portal system should reduce administrative costs and redundancies in complying with states’ registration requirements by enabling users to import data from the electronically filed Forms 990. Organizations will be able to submit one payment online for all states where registration is required; the filing fees will be collected through the single portal and distributed to the states. Although the single portal does not streamline registration guidelines across the states, it should, if successful, significantly reduce compliance costs for organizations fundraising in multiple states.

### *Progress Announced*

At their 2016 Annual Conference in October 2016, officials of the National Association of Attorneys General (NAAG) and the National Association of State Charity Officials (NASCO) reported on the progress of the Single Portal Project. With 13 pilot states now participating, “MRFP published a Request for Information for input on the single portal and received constructive feedback. MRFP has invited grant proposals and is currently searching for a vendor to build and launch the single portal platform. MRFP expects to launch the platform among the 13 pilot states in the near future.”

### *Conclusion*

“I think this will be revolutionary,” said Connecticut Attorney General George Jepsen, who serves as president of NAAG this year. “It’s important in a lot of ways,” he said, including making interstate cooperation easier, and through statistical analysis, finding outliers and possible corruption by

nonprofits. For example, the historic, multi-state case against Cancer Fund of America likely would have been a months-long investigation instead of a four-year effort.” The single portal will provide more opportunities for collaboration. “It’s that kind of collaboration that makes these investigations possible,” Jepsen said.