

THE 50-STATE INDEX OF CHARITY REGULATIONS

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Key Points

- ◆ While there is a need for regulations on the charitable sector to foster accountability and trust in charities, excessive levels of regulation impose a burden on charities that outweighs the benefit of the regulation.
- ◆ Little research has been done to examine the impact of overregulation on the charitable sector. This study is a first step toward gaining a better understanding of the regulatory burden imposed on charities.
- ◆ By comparing states along five categories of charitable regulations, one can see that overregulation is correlated with relatively fewer charities in a state.
- ◆ Our society and those in need depend on a thriving, vibrant charitable sector. The evidence in this study suggests excessive levels of regulation are counterproductive to fostering a positive environment for charities and those they serve.



Executive Summary

Ideally, state regulations on charitable organizations impose minimal costs relative to their benefits in terms of creating improved transparency and accountability. Like any other good or service, the benefits provided by regulation exhibit diminishing returns indicating that as the number of mandates increases, and the complexity of the regulatory structure grows, the additional benefits enabled by the regulations decline.

While the benefits gained from imposing additional regulations decline, the costs associated with complying with these mandates will increase. More burdensome state regulatory structures require charities to devote larger amounts of personnel time, money and other resources toward complying with the state mandates rather than fulfilling their charitable missions. The net value enabled by regulations will tend to decrease, consequently, as the size and complexity of their burdens grow. Further, a growing regulatory burden expands the divide between the value of the resources dedicated toward charitable efforts and the amount of public benefit these organizations can provide.

Therefore, states that impose an excessive regulatory burden undermine the efficiency and effectiveness of the charitable sector.¹

The way states regulate charitable organizations varies significantly, indicating the relative burdens

from state regulations differ. While understanding how these burdens vary can help states create a more efficient regulatory environment, there are few resources available that provide a comprehensive comparison of the impact state regulations have on charitable organizations. The purpose of this study is to provide a broad review of state regulations to help begin to fill this gap.

The analysis classifies state regulations of charities into five categories comprised of measures that reflect the diverse types of regulations implemented by at least one state. The categories include: start-up regulations, annual reporting requirements, rules for paid solicitors, audit mandates and oversight regulations.

These categories are included because they comprise the main features of the charitable regulatory landscape. This analysis does not argue that any one specific type of regulation discussed here should be eliminated. Rather, that the full compliance burdens on charities should be weighed against the benefit of the regulations.

These five categories were weighted equally, and states were ranked separately based on the measures for each category. The state with the lowest score is ranked as having the “least burdensome regulatory environment” and receives the top rank, while the state with the highest score receives the lowest rank.² Summing the ranks across the five regulatory categories

provides the basis for the overall state rankings. The overall state rankings of the top five (or best) and bottom five (or worst) states are below.

The five states with the friendliest regulatory environment toward charitable organizations are Montana, Wyoming, Nebraska, Delaware and Idaho. The five states with the most burdensome regulatory environment toward charitable organizations are Connecticut, Mississippi, New Jersey, Florida and Pennsylvania. Relating these rankings to the vibrancy of the charitable sector (as measured by the number of charities per billion dollars of GDP) provides initial perspective regarding the consequences from imposing a more burdensome regulatory environment on

charitable organizations. There is, in fact, a strong correlation between the states that impose more burdensome regulatory environments and the vibrancy of the charitable sector. While more research is required, the results are an initial indication that the states imposing the most burdensome regulatory environments are dimming the vibrancy of the charitable sector. Consequently, states should consider the benefits from streamlining state regulations and eliminating unnecessary burdens as a means for promoting a more efficient and effective charitable sector.

BEST AND WORST

TOP STATES BY CHARITABLE REGULATORY BURDEN

Top Five (Lightest Burden)	Overall Ranking
Montana	1
Wyoming	2
Nebraska	3
Delaware	4
Idaho	5

BOTTOM STATES BY CHARITABLE REGULATORY BURDEN

Bottom Five (Heaviest Burden)	Overall Ranking
Connecticut	46
Mississippi	47
New Jersey	48
Florida	49
Pennsylvania	50



Introduction

How states regulate businesses and nonprofits matters. Some states enact costly regulatory mandates that impose large financial compliance burdens on organizations. Others take a less burdensome approach. Making matters more complicated, often states enact onerous regulations on some activities but take a lighter regulatory approach in other areas.

It is well established that excessive regulatory burdens meaningfully impact business profitability and, consequently, economic outcomes. A 2020 Mercatus Center analysis of the costs from federal regulations found that:

Economic growth in the United States has, on average, been slowed by 0.8% per year since 1980 owing to the cumulative effects of regulation:

- ◆ If regulation had been held constant at levels observed in 1980, the U.S. economy would have been about 25% larger than it was as of 2012.
- ◆ This means that in 2012, the economy was \$4 trillion smaller than it would have been in the absence of regulatory growth since 1980.
- ◆ This amounts to a loss of approximately \$13,000 per capita, a significant amount of money for most American workers.³

Excessive regulations at the state level have deleterious impacts as well. California, for instance, imposes an overly burdensome regulatory environment on for-profit organizations. Chambers and O'Reilly found that, "The increase in California's regulatory burden from 1997 to 2015 is associated with an increase

in the number of people living in poverty by 512,906 individuals (4,972,955 after vs. 4,460,049 before) and an increase in the poverty rate of 1.32 percentage points (12.8% after vs. 11.48% before)."⁴ Due to their large economic consequences, there are many studies assessing how state regulatory environments impact for-profit organizations and overall economic performance, including the Pacific Research Institute's "50-State Small Business Regulation Index."⁵

However, state regulations also impact the financial costs and the amount of personnel time that must be devoted toward regulatory compliance by charities.⁶ To the extent that state regulations impose minimal costs and improve transparency and accountability, there are benefits from these mandates.

The impact from regulations becomes a net negative when, as with the for-profit sector, they grow to excessive levels. When regulations become overly burdensome, charitable organizations must devote excessive amounts of staff time, money and other resources toward complying with the regulatory state rather than fulfilling their missions⁷

Just like with for-profit organizations, the way states regulate charitable organizations varies significantly. Unlike with businesses, there are significantly fewer resources available that provide a comprehensive comparison of how state regulations impact charitable organizations.⁸ This study aims to help fill this need by ranking the 50 states based on each state's relative regulatory burden on charities.



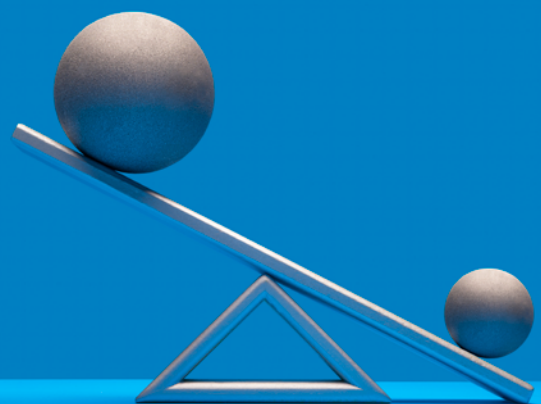
Methodology: Ranking the States


To rank the states, the analysis classifies state regulations of charities into five categories. Each category is comprised of measures that reflect the diverse types of regulations that at least one state implements. Federal regulations will impact charities regardless of their state location and are, consequently, not considered.

Each regulatory measure falls into one of two types. The first type simply documents whether a state imposes the identified regulation; for instance, are purchases by charitable organizations exempt from the state sales taxes or not. For quantifying the impact, those states that do not impose the deleterious regulation under consideration are given a rank of one for the measure (the top rank). Those states that promulgate the burdensome regulation are given a rank of 50 (the worst rank). In certain categories, some states impose a less burdensome form of the regulations and receive an intermediary ranking (e.g., 25).

The second type of measure quantifies the varied burdens created by the state regulation in question; for instance, the dollar cost charged by the state for filing the required annual government forms. State regulations that impose the lowest cost receive a rank of one. The states that charge higher fees and, consequently, impose a higher burden receive sequentially higher ranks, with the state with the relatively costliest regulation receiving a rank of 50.

Each category is comprised of measures that reflect the diverse types of regulations that at least one state implements.





When regulations become overly burdensome, charitable organizations must devote excessive amounts of staff time, money and other resources toward complying with the regulatory state rather than fulfilling their missions.

THE FIVE REGULATORY CATEGORIES EXAMINED (ALONG WITH THE SPECIFIC REGULATORY MEASURES FOR EACH CATEGORY) ARE LISTED BELOW.

- ◆ **Start-up regulations**, or the regulatory burdens associated with starting a new charity. This category ranks each state based on whether the state requires registration by charitable organizations; the top registration fee charged; the top incorporation fee(s) charged and whether charitable organizations must also apply for the state corporate income tax exemption after receiving their federal exemption.
- ◆ **Annual reporting and filing regulations**, or the annual regulatory burdens organizations must comply with. This category ranks each state based on the dollar value of the annual fees the state charges, whether charities must file an annual report, whether charities must file any additional annual filings and the size of any additional annual filing fees.
- ◆ **Paid solicitor regulations**, or the regulatory burdens imposed on the use of paid solicitors to help charities raise money. This category ranks each state based on the dollar value of the paid solicitor registration fee, paid solicitor renewal fees, whether surety bonds for professional fundraisers are required, whether fundraisers are required to provide notice before a solicitation campaign, whether registration by fundraising counsel are required, whether commercial fundraisers must register with the state, whether annual financial reporting by commercial fundraisers is required and whether charities must file copies of the contracts between charitable organizations and commercial fundraisers.
- ◆ **Audit requirements**, or the stringency of the state's audit mandates. This category ranks each state based on whether an independent audit by a certified public accountant (CPA) is required and, for those states that require an independent CPA audit, whether a revenue threshold for an audit requirement exists and whether a revenue threshold for an annual review (a lesser burden than a full audit) exists. The rankings also account for whether those states that do not require an independent CPA audit do require an audit for public contracts.
- ◆ **Oversight regulations**, or the general regulatory environment for charities and nonprofits, includes issues such as whether the state is a bifurcated jurisdiction or an attorney general-only regulated jurisdiction, whether charities are exempt from state sales and use taxes, the oversight requirements for any potential commercial co-ventures for a charity and whether charitable contributions are tax deductible for residents.

TABLE 1

50-STATE RANKINGS OF CHARITY REGULATIONS			
State	Overall Ranking	State	Overall Ranking
Montana	1	Ohio	26
Wyoming	2	Washington	27
Nebraska	3	Illinois	28
Delaware	4	Arkansas	29
Idaho	5	Wisconsin	29
Iowa	6	New York	31
South Dakota	7	Maine	32
Arizona	8	Minnesota	33
Nevada	9	North Carolina	34
Texas	10	Kansas	35
Vermont	11	New Hampshire	36
Kentucky	12	West Virginia	37
North Dakota	13	Virginia	38
Missouri	14	Rhode Island	39
Oklahoma	15	Georgia	40
New Mexico	16	Tennessee	41
Colorado	17	California	42
Indiana	18	Hawaii	43
Oregon	19	Massachusetts	44
Alabama	20	Maryland	45
Alaska	21	Connecticut	46
Utah	22	Mississippi	47
Michigan	23	New Jersey	48
Louisiana	24	Florida	49
South Carolina	25	Pennsylvania	50

To ensure equal weighting across the five categories for the final ranking, the score for each regulatory category is the average ranking across all the measures that comprise the category. The state with the lowest average score is ranked as having the “least burdensome regulatory environment” for that category. Summing the ranks across the five regulatory categories provides the basis for the overall state rankings, which are presented in Table 1. The state with the lowest number receives the top rank, while the state with the highest value receives the worst rank.⁹

The five states with the friendliest regulatory environment toward charitable organizations are Montana, Wyoming, Nebraska, Delaware and Idaho. The five states with the most burdensome regulatory environment toward charitable organizations are Connecticut, Mississippi, New Jersey, Florida and Pennsylvania.

It is important to note that this is an imperfect ranking based on imperfect variables. As examined later in this report, there are regulatory burdens in some of the “top” states that may be onerous relative to the cost imposed on charities. Likewise, there are regulations in some of the “bottom” states that reflect effective, balanced approaches to regulating the sector. There may also be complex exemptions to certain regulations that are not possible to capture in this analysis. Further, there are differing approaches to how these regulations are set by state. Some of what is discussed in this report is found in state statute as enacted by legislative bodies. Other rules are administrative regulations implemented by executive bodies charged with oversight of the state’s charities. The methodology and findings of this report point to the need for more research on this topic. However, despite these limitations, the ranking offers one approach to compare regulatory burden across state lines.

The five states with the **friendliest** regulatory environment toward charitable organizations are Montana, Wyoming, Nebraska, Delaware and Idaho. The five states with the **most burdensome** regulatory environment toward charitable organizations are Connecticut, Mississippi, New Jersey, Florida and Pennsylvania.



More Regulations, Fewer Charities

Comparing the charitable organization data maintained by the IRS to the state charity regulatory rankings in Table 1 suggests that the states imposing more burdensome regulatory environments are dimming the vibrancy of their charitable sectors.

Specifically, the IRS maintains data on the total number of charitable organizations that qualify for tax deductions in every state.¹⁰ These data need to be adjusted, however, because populations and economic output vary greatly between the states and these factors, as well as others not considered here, will impact the total number of charities that are incorporated. There is no perfect way to adjust these data, but as a first step toward gaining insight on the impact of overregulation on the health of a state's charitable sector, there are reasonable assumptions that can be made.

For the purposes of this analysis, we assume there is a positive relationship between the number of people living in a state, as well as the state's economic output, and the number of charitable organizations operating in the state, regardless of its regulatory environments. Adjustments that

account for these differences are useful before comparing the state rankings to the number of charitable organizations.

While there are myriad ways the data could be adjusted, this analysis uses state gross domestic product (GDP) to adjust for state size rather than population because there is also a strong relationship between economic growth and charitable giving. As Rooney and Bergdoll (2020) noted:

“There's a strong relationship between how much money Americans give to charity and their after-tax income. There is a similar correlation between giving and the stock market's performance. That means people give more when they feel that they have money to spare.”¹¹

Consequently, to account for the varied size of each state and each state's economy, the analysis compares each state's charity ranking to the total number of charities per billion dollars of state GDP.

Consistent with the hypothesis that there will be fewer charities in states that impose more burdensome regulatory environments, the



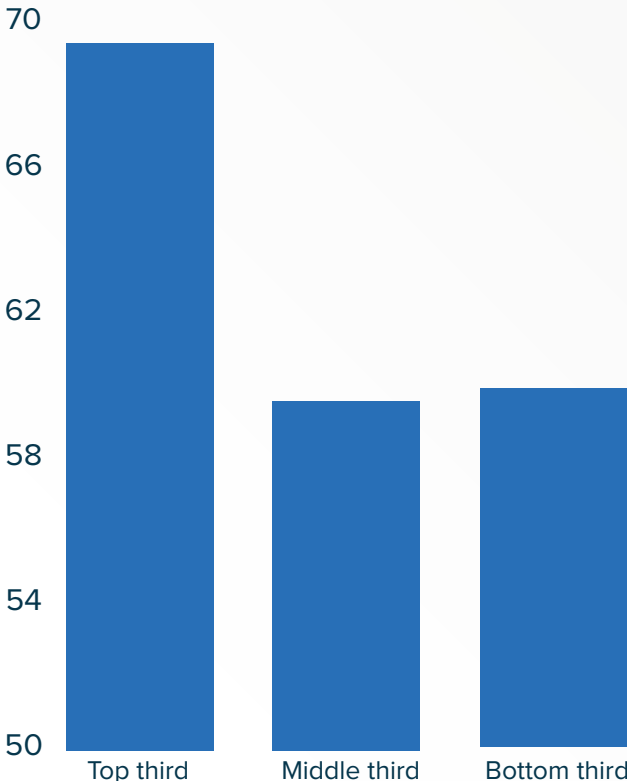
Figure 1 clearly shows more charitable organizations exist in the states that impose the least burdensome regulatory environments.

overall state rankings are negatively correlated with the number of charities per billion dollars of state GDP. The states with a less burdensome regulatory environment (a lower ranking number) tend to have more charitable organizations per billion dollars of GDP.¹² More research is required to determine if there is a causal relationship as well as a clear correlation.

To visualize this relationship, Figure 1 presents the average number of charities per billion dollars of GDP in the states ranked in the top third, middle third and bottom third. Figure 1 clearly shows more charitable organizations exist in the states that impose the least burdensome regulatory environments.

Specifically, the states in the top one-third of the regulatory rankings have, on average, 68.03 charities per \$1 billion in GDP, which is significantly higher than the average number of charities per \$1 billion in GDP for the middle third (15.5% higher) and bottom third (14.8% higher) of the rankings.

FIGURE 1
NUMBER OF CHARITABLE ORGANIZATIONS PER \$1 BILLION IN GDP BY REGULATORY RANKING



Source: Author calculations based on data from IRS and BEA



Implications

Overall, these results indicate that the states in the bottom two-thirds of the rankings may be able to increase the amount of charitable activity in their states by replicating the regulatory environment of the states in the top-third of the rankings. The bottom-ranked states scored poorly across most of the categories, as demonstrated in Table 2. Table 2 presents the rankings for each of the five categories and the overall rank for the five worst performing states.

TABLE 2

CATEGORY RANKINGS FOR FIVE LOWEST RANKED STATES						
State	Start-Up Regulations	Annual Reporting / Filing	Paid Solicitor Fees and Regulations	Audit Requirements	Oversight Regulations	Total Rank by Category
Connecticut	38	39	28	36	50	46
Mississippi	38	16	47	49	50	47
New Jersey	47	38	28	36	50	48
Florida	44	46	46	31	50	49
Pennsylvania	49	43	32	44	50	50

Source: Author calculations

The category rankings in these five states were consistently in the bottom half for all the categories, often in the bottom 10 states. Consistent with their poor rankings, the average number of charities per billion dollars of GDP in the five worst performing states was 58.64, which is 1.1% less than the average for the bottom third of the states. The consistently poor performance across all the categories indicates that improving the regulatory environment in the lowest-ranked states requires a broad array of reforms, which could improve the amount of charitable activity in these states.

At the other end of the rankings, the five states that impose the least burdensome regulatory environment generally promulgate relatively lower regulatory burdens across all the categories – albeit each state had room for improvement in at least one category, see Table 3. And, consistent with the pattern, the average number of charities in the top performing states per billion dollars of GDP was 75.94, or 11.6% more than the average for the states in the top third of the rankings.

TABLE 3

CATEGORY RANKINGS FOR FIVE HIGHEST RANKED STATES						
State	Start-Up Regulations	Annual Reporting / Filing	Paid Solicitor Fees and Regulations	Audit Requirements	Oversight Regulations	Total Rank by Category
Montana	3	8	1	1	1	1
Wyoming	5	9	1	1	1	2
Nebraska	2	2	1	1	17	3
Delaware	8	9	1	1	1	4
Idaho	11	3	1	1	17	5

Source: Author calculations

While these results have important implications, it is imperative to note that significantly more research into the impact of regulations on charitable organizations is necessary to enhance our understanding of these important issues. The rankings developed here provide a first step toward this goal.

Overall, these results indicate that the states in the bottom two-thirds of the rankings may be able to increase the amount of charitable activity in their states by replicating the regulatory environment of the states in the top-third of the rankings.



Developing the Rankings

Having summarized the findings, the remainder of this paper provides greater detail on the sources and methods used to create the rankings and is organized by the five regulatory categories that comprise the overall rankings. The rankings leveraged several key data resources to establish these ordinal rankings.¹³ The following series of tables present the state rankings for each measure and category, with the underlying data presented in the Data Appendices.

CATEGORY 1: START-UP REGULATIONS

The start-up regulations category compares the burdens states impose to start a charitable organization based on four measures. The first measure is registration requirements, which 40 states impose.¹⁴ Often, the state registration requirements are duplicative to federal requirements while providing little useful information to the state authorities. Further,

state authorities rarely act on this information.¹⁵ Consequently, registration requirements too often add additional compliance burdens on new charitable organizations without necessarily creating any offsetting benefits.

Similarly, expensive registration and incorporation fees, while perhaps trivial costs for well-funded start-up charities, can impose significant obstacles for start-ups that are lacking financial resources. To account for these start-up obstacles, Table 4 presents the state rankings for top registration fee and incorporation fee. Finally, the ability for income to be tax exempt from state income taxation (in those states that levy a corporate income tax) is an important benefit for nonprofits. Some states require an additional application to receive the state corporate income tax exemption once the federal tax exemption has been received, however. This filing creates additional burdens in those states.

TABLE 4

START-UP REGULATION RANKING					
State	Start-Up Regulations Ranking	Top Registration Fee	Incorporation Fees	Requires Registration by Charitable Organizations	Must Apply for Exemption from State Corporate Income Tax
Alabama	23	22	44	50	1
Alaska	36	31	28	50	50
Arizona	7	1	25	1	1
Arkansas	26	1	28	50	50
California	33	22	28	50	50
Colorado	15	18	28	50	1
Connecticut	38	32	28	50	50
Delaware	8	1	43	1	1
Florida	44	50	21	50	50
Georgia	45	29	44	50	50
Hawaii	22	1	8	50	50
Idaho	11	1	17	1	50
Illinois	16	19	28	50	1
Indiana	1	1	1	1	1
Iowa	3	1	4	1	1
Kansas	29	29	4	50	50
Kentucky	18	1	2	50	50
Louisiana	38	22	38	50	50
Maine	34	32	25	50	50
Maryland	50	49	47	50	50
Massachusetts	43	41	21	50	50
Michigan	19	1	4	50	50
Minnesota	36	22	37	50	50
Mississippi	38	32	28	50	50
Missouri	24	19	8	50	50
Montana	3	1	4	1	1

START-UP REGULATION RANKING

State	Start-Up Regulations Ranking	Top Registration Fee	Incorporation Fees	Requires Registration by Charitable Organizations	Must Apply for Exemption from State Corporate Income Tax
Nebraska	2	1	3	1	1
Nevada	13	1	38	50	1
New Hampshire	27	22	8	50	50
New Jersey	47	46	38	50	50
New Mexico	10	1	8	50	1
New York	38	22	38	50	50
North Carolina	46	44	36	50	50
North Dakota	16	22	25	50	1
Ohio	48	44	48	50	50
Oklahoma	32	39	8	50	50
Oregon	12	1	28	50	1
Pennsylvania	49	46	48	50	50
Rhode Island	42	40	21	50	50
South Carolina	30	32	8	50	50
South Dakota	6	1	17	1	1
Tennessee	24	32	44	50	1
Texas	19	46	8	50	1
Utah	35	41	17	50	50
Vermont	9	1	48	1	1
Virginia	27	41	38	50	1
Washington	21	38	17	50	1
West Virginia	30	32	8	50	50
Wisconsin	14	19	21	50	1
Wyoming	5	1	8	1	1

Sources: Lott et al. 2018, Hurwit & Associates State-by-State Registration & Compliance Database

Equally weighting the categories, Indiana, Nebraska, Iowa, Montana and Wyoming impose the least burdensome start-up environment for nonprofits and charities. Maryland, Pennsylvania, Ohio, New Jersey and North Carolina impose the most burdensome start-up environment.

CATEGORY 2:

ANNUAL REPORTING AND FILING REGULATIONS

Charities and nonprofits must also comply with annual regulatory burdens that vary significantly across the states. For starters, the annual filing fees vary from no annual fee (in Arkansas, Colorado, Idaho, Iowa, New Mexico, Pennsylvania, Texas and Vermont) to a high of \$1,525 in New York. The annual filing fee is not the only potential annual cost either. Many states impose additional annual fees that charities must also pay that can be as high as \$2,000, which is the maximum fee charities must pay in order to file required annual forms in Massachusetts, depending upon the organization’s revenues. These additional annual fees increase the cost of operations for charities making it more difficult for these organizations to fulfill their missions.

Along with the annual fees, states also require charities to file reports with the state on regular intervals.¹⁶ These reports include an annual report, which is required in 47 states – Alaska requires a biennial filing. In addition to an annual report, many states also require supplemental report filings that include annual financial reports, annual solicitation reports and registration renewals.

TABLE 5

ANNUAL REPORTING AND FILING REGULATIONS AND RANKING					
State	Annual Reporting Regulations Ranking	Highest Annual Fees	Highest Additional Annual Filing Fees	Annual Report Filing Requirements	Additional Annual Filing Requirements
Alabama	9	26	1	50	1
Alaska	24	35	32	25	17
Arizona	12	11	1	50	17
Arkansas	7	1	1	50	17
California	50	48	38	50	50
Colorado	28	1	30	50	33
Connecticut	39	37	39	50	17
Delaware	9	26	1	50	1
Florida	46	41	48	50	17
Georgia	42	33	30	50	33
Hawaii	47	9	49	50	50
Idaho	3	1	1	50	1
Illinois	22	11	28	50	17
Indiana	12	11	1	50	17
Iowa	1	1	1	25	1
Kansas	37	35	35	50	17
Kentucky	15	18	1	50	17
Louisiana	4	9	1	50	1
Maine	33	34	32	50	17
Maryland	41	44	1	50	50
Massachusetts	35	18	50	50	17

ANNUAL REPORTING AND FILING REGULATIONS AND RANKING

State	Annual Reporting Regulations Ranking	Highest Annual Fees	Highest Additional Annual Filing Fees	Annual Report Filing Requirements	Additional Annual Filing Requirements
Michigan	17	22	1	50	17
Minnesota	31	26	35	50	17
Mississippi	16	37	1	50	1
Missouri	27	18	28	50	17
Montana	8	18	1	50	1
Nebraska	2	22	1	25	1
Nevada	18	26	1	50	17
New Hampshire	35	43	25	50	17
New Jersey	38	26	45	50	17
New Mexico	18	1	26	50	17
New York	21	50	1	50	1
North Carolina	26	44	1	50	17
North Dakota	5	11	1	50	1
Ohio	39	44	32	50	17
Oklahoma	25	42	1	50	17
Oregon	49	44	39	50	33
Pennsylvania	43	1	47	50	50
Rhode Island	48	22	43	50	50
South Carolina	30	37	1	50	33
South Dakota	5	11	1	50	1
Tennessee	45	22	44	50	33
Texas	14	1	46	1	33
Utah	29	11	42	50	17
Vermont	18	1	26	50	17
Virginia	33	49	1	50	33
Washington	32	11	37	50	33
West Virginia	43	26	39	50	33
Wisconsin	23	40	1	50	17
Wyoming	9	26	1	50	1

Sources: Lowenstein & Sandler State Charity Registration Requirements, Hurwit & Associates State-by-State Registration & Compliance Database

Table 5 demonstrates that Iowa, Nebraska, Idaho, Louisiana, North Dakota and South Dakota impose the smallest annual reporting burdens on charities, while Florida, Hawaii, Rhode Island, Oregon and California impose the most burdensome annual reporting requirements.

CATEGORY 3: PAID SOLICITATION REGULATIONS

When the relationship is structured well, paid solicitors can be an important part of a charitable organization’s fundraising strategy. States take varied approaches to regulating paid solicitors that, when excessive, lead to higher costs for those charities that could benefit from these services. These costs include paid solicitor registration and renewal fees that can be as high as \$1,000 in Indiana and Massachusetts. They also include surety bonds requirements that can be as high as \$50,000 in Florida and North Carolina. Paid solicitors are also subjected to registration and notice requirements that include providing notice to the state before a solicitation campaign, registration requirements on fundraising counsels, registration requirements for commercial fundraisers, annual financial reporting requirements and requirements on charities to file copies of the contracts between charitable organizations and commercial fundraisers.

TABLE 6

PAID SOLICITOR REGULATIONS AND RANKING									
State	Paid Solicitor Rankings	Solicitor Renewal Fees	Paid Solicitor Registration Fee	Surety Bond for Professional Fundraisers	Notice before Solicitation Campaign	Registration by Commercial Fundraiser	Registration by Fundraising Counsel	Annual Financial Reporting by Commercial Fundraisers	Filing of Contracts between Charities and Commercial Fundraisers
Alabama	25	1	1	19	1	50	50	50	50
Alaska	24	1	44	19	1	50	1	50	50
Arizona	1	1	1	1	1	1	1	1	1
Arkansas	35	1	1	1	50	50	50	50	50
California	43	1	1	37	50	50	50	50	50
Colorado	12	1	1	1	50	50	1	50	1
Connecticut	28	1	1	29	50	50	1	50	50
Delaware	1	1	1	1	1	1	1	1	1
Florida	46	1	1	50	50	50	50	50	50
Georgia	25	1	1	19	50	50	1	50	50
Hawaii	32	1	1	37	1	50	50	50	50
Idaho	1	1	1	1	1	1	1	1	1
Illinois	38	1	41	19	1	50	50	50	50
Indiana	50	50	50	1	50	50	50	50	50
Iowa	11	1	39	1	1	50	1	1	50
Kansas	22	1	1	1	1	50	50	50	50
Kentucky	42	1	48	37	1	50	50	50	50
Louisiana	17	1	42	37	1	50	1	1	50
Maine	19	1	46	37	1	50	1	50	1
Maryland	49	1	49	37	50	50	50	50	50
Massachusetts	43	1	50	37	1	50	50	50	50

PAID SOLICITOR REGULATIONS AND RANKING

State	Paid Solicitor Rankings	Solicitor Renewal Fees	Paid Solicitor Registration Fee	Surety Bond for Professional Fundraisers	Notice before Solicitation Campaign	Registration by Commercial Fundraiser	Registration by Fundraising Counsel	Annual Financial Reporting by Commercial Fundraisers	Filing of Contracts between Charities and Commercial Fundraisers
Michigan	14	1	1	19	1	50	1	50	50
Minnesota	48	1	44	29	50	50	50	50	50
Mississippi	47	1	46	19	50	50	50	50	50
Missouri	21	50	40	1	1	50	1	50	1
Montana	1	1	1	1	1	1	1	1	1
Nebraska	1	1	1	1	1	1	1	1	1
Nevada	1	1	1	1	1	1	1	1	1
New Hampshire	39	1	42	29	50	50	50	1	50
New Jersey	28	1	1	29	1	50	50	50	50
New Mexico	9	1	1	37	1	50	1	1	50
New York	25	1	1	19	1	50	50	50	50
North Carolina	35	1	1	50	1	50	50	50	50
North Dakota	17	1	1	29	1	50	50	1	50
Ohio	32	1	1	37	50	50	1	50	50
Oklahoma	8	1	1	1	1	50	1	1	1
Oregon	35	1	1	1	50	50	50	50	50
Pennsylvania	32	1	1	37	1	50	50	50	50
Rhode Island	14	1	1	19	1	50	50	1	50
South Carolina	40	1	1	28	50	50	50	50	50
South Dakota	12	1	1	1	50	50	1	50	1
Tennessee	43	1	1	37	50	50	50	50	50
Texas	9	1	1	37	1	1	1	50	50
Utah	22	1	1	1	50	50	50	1	50
Vermont	28	1	1	29	50	50	1	50	50
Virginia	28	1	1	29	1	50	50	50	50
Washington	20	1	1	37	1	50	1	50	50
West Virginia	14	1	1	19	1	50	50	1	50
Wisconsin	41	1	1	29	50	50	50	50	50
Wyoming	1	1	1	1	1	1	1	1	1

Sources: Lott et al. 2018, Hurwit & Associates State-by-State Registration & Compliance Database


Table 6 demonstrates that Arizona, Delaware, Idaho, Montana, Nebraska, Nevada and Wyoming are all tied for imposing the smallest annual reporting burdens on paid solicitors, while Florida, Mississippi, Minnesota, Maryland and Indiana impose the most burdensome requirements on paid solicitors.

CATEGORY 4: AUDIT REQUIREMENTS

The stringency of the state’s audit mandates is a key regulatory cost that many charities must bear.¹⁷ The primary question for this category is whether an independent CPA audit is required. Those states that do not require an independent CPA audit are Alabama, Arizona, Colorado, Delaware, Idaho, Indiana, Iowa, Kentucky, Louisiana, Missouri, Montana, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Utah, Vermont and Wyoming. These states are given a rank of 1 in Table 7 except Indiana, Louisiana and North Carolina, which require independent audits when a charity has a public contract. These states are ranked as having more expensive regulations than the states with no audit requirements but lower than the states that require independent audits broadly speaking.

For those states that do require independent audits, many impose revenue thresholds below which the charity is exempt from the audit requirements. The remaining states are consequently ranked based on how high the threshold is – the higher the threshold, the lower the state’s ranking because more charities are exempted from the burden of a comprehensive audit. Several of these states also create an additional revenue threshold, which establishes a lower benchmark for charities. The charities with revenues between the lower and upper thresholds must perform an annual review, which is essentially a less burdensome audit. Alaska requires a biennial audit, which is considered less burdensome than an annual audit requirement.

Table 7 ranks the states accounting for the various ways that audit requirements are imposed across the states.



The stringency of the state’s audit mandates is a key regulatory cost that many charities must bear. The primary question for this category is whether an independent CPA audit is required.

TABLE 7

AUDIT REGULATIONS AND RANKING			
State	Audit Requirement Rankings	Revenue Threshold for Audit/ Review	Independent CPA Audit Requirements
Alabama	1	1	1
Alaska	23	30	25
Arizona	1	1	1
Arkansas	36	35	50
California	27	20	50
Colorado	1	1	1
Connecticut	36	35	50
Delaware	1	1	1
Florida	31	30	50
Georgia	31	30	50
Hawaii	50	50	50
Idaho	1	1	1
Illinois	50	50	50
Indiana	23	30	25
Iowa	1	1	1
Kansas	36	35	50
Kentucky	1	1	1
Louisiana	26	40	25
Maine	29	50	25
Maryland	36	35	50
Massachusetts	44	40	50
Michigan	44	40	50
Minnesota	31	30	50
Mississippi	49	45	50
Missouri	1	1	1

AUDIT REGULATIONS AND RANKING			
State	Audit Requirement Rankings	Revenue Threshold for Audit/ Review	Independent CPA Audit Requirements
Montana	1	1	1
Nebraska	1	1	1
Nevada	1	1	1
New Hampshire	29	25	50
New Jersey	36	35	50
New Mexico	36	35	50
New York	31	30	50
North Carolina	25	35	25
North Dakota	1	1	1
Ohio	1	1	1
Oklahoma	1	1	1
Oregon	1	1	1
Pennsylvania	44	40	50
Rhode Island	36	35	50
South Carolina	1	1	1
South Dakota	1	1	1
Tennessee	36	35	50
Texas	1	1	1
Utah	1	1	1
Vermont	1	1	1
Virginia	31	30	50
Washington	27	20	50
West Virginia	44	40	50
Wisconsin	44	40	50
Wyoming	1	1	1

Source: National Council of Nonprofits

The states without the audit requirement, or requirement for audits for public contracts, are all ranked as having the least burdensome environment. Hawaii, Illinois and Mississippi impose the most burdensome audit requirements.

CATEGORY 5: GENERAL OVERSIGHT REGULATIONS

Finally, there are several important state regulations that have not been addressed in the previous four categories. First is the issue of sales taxes. While most states exempt purchases by charities from state sales and use taxes, 19 states, to some extent, do not give charities such consideration. The states that subject charitable organizations to the state sales and use tax increase their costs of operating making it more difficult for them to fulfill their missions.

Second, states differ from one another regarding whether charitable contributions are tax deductible for residents from state income taxes, partially deductible, or not at all deductible. From a donor perspective, the lack of tax deductibility raises the net cost of giving for those donors where itemizing tax deductions is worthwhile. For example, a donor who is in a 24% federal tax bracket¹⁸ can reduce her tax liability by \$240 for every \$1,000 in donations. Thus, the net cost of the charitable donation is not \$1,000 but \$760. If available at the state level, the deductions reduce the net costs even more. Prohibiting such deductions eliminates the potential benefits, raising the net costs of their donation. These higher costs diminish the incentive and ability of donors to support charitable organizations to the extent they would otherwise desire.

Finally, there are broader regulatory considerations that can add additional compliance burdens on charitable organizations. These are whether the states require additional oversight of charitable organizations' commercial co-ventures and whether the state used both the attorney general's (AG) office and additional agencies to regulate charities, or whether the state is an AG-only regulated jurisdiction. Having multiple regulatory agencies increases the compliance and complexity costs on charities operating in what is referred to as a bifurcated jurisdiction.¹⁹

TABLE 8

GENERAL OVERSIGHT REGULATIONS AND RANKING					
State	General Oversight Rankings	Bifurcated Jurisdiction	Not Exempt from Sales Tax	Oversees Commercial Co-ventures	Charitable Contributions Not Tax Deductible for Residents
Alabama	45	1	50	50	25
Alaska	1	1	1	1	1
Arizona	30	50	50	1	1
Arkansas	30	1	50	50	1
California	25	1	50	1	25
Colorado	45	50	1	50	25
Connecticut	50	50	1	50	50
Delaware	1	1	1	1	1
Florida	50	50	50	50	1
Georgia	30	50	50	1	1
Hawaii	45	1	50	50	25
Idaho	17	1	50	1	1
Illinois	17	1	1	1	50
Indiana	17	1	1	1	50
Iowa	25	1	50	1	25

GENERAL OVERSIGHT REGULATIONS AND RANKING

State	General Oversight Rankings	Bifurcated Jurisdiction	Not Exempt from Sales Tax	Oversees Commercial Co-ventures	Charitable Contributions Not Tax Deductible for Residents
Kansas	30	50	50	1	1
Kentucky	1	1	1	1	1
Louisiana	30	1	50	50	1
Maine	25	50	1	1	25
Maryland	17	50	1	1	1
Massachusetts	30	1	1	50	50
Michigan	17	1	1	1	50
Minnesota	13	1	1	1	25
Mississippi	50	50	50	50	1
Missouri	13	1	1	1	25
Montana	1	1	1	1	1
Nebraska	17	1	50	1	1
Nevada	17	50	1	1	1
New Hampshire	30	1	1	50	50
New Jersey	50	50	1	50	50
New Mexico	1	1	1	1	1
New York	25	1	1	50	25
North Carolina	30	50	50	1	1
North Dakota	30	50	50	1	1
Ohio	30	1	1	50	50
Oklahoma	30	50	50	1	1
Oregon	17	1	1	50	1
Pennsylvania	50	50	1	50	50
Rhode Island	30	50	1	1	50
South Carolina	50	50	50	50	1
South Dakota	13	1	25	1	1
Tennessee	30	50	1	50	1
Texas	1	1	1	1	1
Utah	45	50	1	50	25
Vermont	13	1	1	1	25
Virginia	45	50	1	50	25
Washington	30	50	50	1	1
West Virginia	30	50	1	1	50
Wisconsin	25	50	1	1	25
Wyoming	1	1	1	1	1

Sources: Lott et al 2018, Hurwit & Associates State-by-State Registration & Compliance, and Database, and <https://www.uscharitablegifftrust.org/tax-treatment-of-charitable-contributions.php>

Seven states are tied for the best general oversight regulations: Alaska, Delaware, Kentucky, Montana, New Mexico, Texas and Wyoming. The six states tied for the most burdensome general oversight regulations are Connecticut, Florida, Mississippi, New Jersey, Pennsylvania and South Carolina.

Overall State Rankings

The overall rankings are estimated by summing together the scores for each category. The state with the lowest total score (Montana) was assigned the best rank (1), while the state with the highest total score (Pennsylvania) was assigned the worst rank (50). This methodology indicates that all five categories were given an equal weighting in the determination of the overall ranking.

TABLE 9

OVERALL STATE RANKINGS						
State	Start-Up	Annual Reporting / Filing	Paid Solicitor Fees and Regulations	Audit Requirements	Oversight Regulations	Total Rank by Category
Alabama	23	9	25	1	45	20
Alaska	36	24	24	23	1	21
Arizona	7	12	1	1	30	8
Arkansas	26	7	35	36	30	29
California	33	50	43	27	25	42
Colorado	15	28	12	1	45	17
Connecticut	38	39	28	36	50	46
Delaware	8	9	1	1	1	4
Florida	44	46	46	31	50	49
Georgia	45	42	25	31	30	40
Hawaii	22	47	32	50	45	43
Idaho	11	3	1	1	17	5
Illinois	16	22	38	50	17	28
Indiana	1	12	50	23	17	18
Iowa	3	1	11	1	25	6
Kansas	29	37	22	36	30	35
Kentucky	18	15	42	1	1	12
Louisiana	38	4	17	26	30	24
Maine	34	33	19	29	25	32
Maryland	50	41	49	36	17	45
Massachusetts	43	35	43	44	30	44
Michigan	19	17	14	44	17	23
Minnesota	36	31	48	31	13	33
Mississippi	38	16	47	49	50	47
Missouri	24	27	21	1	13	14
Montana	3	8	1	1	1	1
Nebraska	2	2	1	1	17	3
Nevada	13	18	1	1	17	9

OVERALL STATE RANKINGS

State	Start-Up	Annual Reporting / Filing	Paid Solicitor Fees and Regulations	Audit Requirements	Oversight Regulations	Total Rank by Category
New Hampshire	27	35	39	29	30	36
New Jersey	47	38	28	36	50	48
New Mexico	10	18	9	36	1	16
New York	38	21	25	31	25	31
North Carolina	46	26	35	25	30	34
North Dakota	16	5	17	1	30	13
Ohio	48	39	32	1	30	26
Oklahoma	32	25	8	1	30	15
Oregon	12	49	35	1	17	19
Pennsylvania	49	43	32	44	50	50
Rhode Island	42	48	14	36	30	39
South Carolina	30	30	40	1	50	25
South Dakota	6	5	12	1	13	7
Tennessee	24	45	43	36	30	41
Texas	19	14	9	1	1	10
Utah	35	29	22	1	45	22
Vermont	9	18	28	1	13	11
Virginia	27	33	28	31	45	38
Washington	21	32	20	27	30	27
West Virginia	30	43	14	44	30	37
Wisconsin	14	23	41	44	25	29
Wyoming	5	9	1	1	1	2

Source: Author calculations

An equal weighted approach was employed for the overall rankings because, while it is expected that some categories will matter more than others, it is unlikely these preferences are universal across charitable organizations. For instance, a poorly funded start-up charity would likely find burdensome start-up regulations a more problematic barrier to operations than a well-funded charitable organization that has been operating for many years. Similarly, charities with no intention of employing a paid solicitor will not care about the burden imposed on these organizations, while those charities relying on these services may have a great interest in these issues.

While different weighting priorities across the five categories would alter the results, the consistently strong performance across all the categories exhibited by the top states and the consistently weak performance across all the categories exhibited by the bottom states indicate that changing the category weighting is unlikely to alter the top/bottom performers. However, it is hoped that by presenting the details by categories, readers can adjust the rankings to reflect their priorities.

Conclusion

The purpose of the rankings is to leverage the available data resources to create an ordinal quantitative ranking of each state's approach toward regulating the charitable sector. By relating these rankings to the vibrancy of the charitable sector (as measured by the number of charities per billion dollars of GDP), it is hoped the rankings provide perspective regarding the consequences from imposing a more burdensome regulatory environment on charitable organizations.

While more research is required, this analysis shows the states imposing excessively burdensome regulatory environments may be paying a cost in terms of a less effective charitable sector. Promoting a more efficient charitable sector requires reforms, consequently, that streamline state regulations and eliminate those regulations that are unnecessary or overly burdensome.

While more research is required, this analysis shows the states imposing excessively burdensome regulatory environments may be paying a cost in terms of a less effective charitable sector.

Data Appendix A

START-UP REGULATION DATA				
State	Top Registration Fee	Requires Registration by Charitable Organizations	Incorporation Fee(s)	Charitable Organizations Exempt from Federal Income Tax Must Apply for Exemption from State Corporate Income Tax
Alabama	\$25.00	Yes	\$100.00	No
Alaska	\$40.00	Yes	\$50.00	Yes
Arizona	\$0.00	No	\$40.00	No
Arkansas	\$0.00	Yes	\$50.00	Yes
California	\$25.00	Yes	\$50.00	Yes
Colorado	\$10.00	Yes	\$50.00	No
Connecticut	\$50.00	Yes	\$50.00	Yes
Delaware	\$0.00	No	\$89.00	No
Florida	\$400.00	Yes	\$35.00	Yes
Georgia	\$35.00	Yes	\$100.00	Yes
Hawaii	\$0.00	Yes	\$25.00	Yes
Idaho	\$0.00	No	\$30.00	Yes
Illinois	\$15.00	Yes	\$50.00	No
Indiana	\$0.00	No	\$0.00	No
Iowa	\$0.00	No	\$20.00	No
Kansas	\$35.00	Yes	\$20.00	Yes
Kentucky	\$0.00	Yes	\$8.00	Yes
Louisiana	\$25.00	Yes	\$75.00	Yes
Maine	\$50.00	Yes	\$40.00	Yes
Maryland	\$300.00	Yes	\$120.00	Yes
Massachusetts	\$100.00	Yes	\$35.00	Yes
Michigan	\$0.00	Yes	\$20.00	Yes
Minnesota	\$25.00	Yes	\$70.00	Yes
Mississippi	\$50.00	Yes	\$50.00	Yes
Missouri	\$15.00	Yes	\$25.00	Yes
Montana	\$0.00	No	\$20.00	No

START-UP REGULATION DATA

State	Top Registration Fee	Requires Registration by Charitable Organizations	Incorporation Fee(s)	Charitable Organizations Exempt from Federal Income Tax Must Apply for Exemption from State Corporate Income Tax
Nebraska	\$0.00	No	\$10.00	No
Nevada	\$0.00	Yes	\$75.00	No
New Hampshire	\$25.00	Yes	\$25.00	Yes
New Jersey	\$250.00	Yes	\$75.00	Yes
New Mexico	\$0.00	Yes	\$25.00	No
New York	\$25.00	Yes	\$75.00	Yes
North Carolina	\$200.00	Yes	\$60.00	Yes
North Dakota	\$25.00	Yes	\$40.00	No
Ohio	\$200.00	Yes	\$125.00	Yes
Oklahoma	\$65.00	Yes	\$25.00	Yes
Oregon	\$0.00	Yes	\$50.00	No
Pennsylvania	\$250.00	Yes	\$125.00	Yes
Rhode Island	\$90.00	Yes	\$35.00	Yes
South Carolina	\$50.00	Yes	\$25.00	Yes
South Dakota	\$0.00	No	\$30.00	No
Tennessee	\$50.00	Yes	\$100.00	No
Texas	\$250.00	Yes	\$25.00	No
Utah	\$100.00	Yes	\$30.00	Yes
Vermont	\$0.00	No	\$125.00	No
Virginia	\$100.00	Yes	\$75.00	No
Washington	\$60.00	Yes	\$30.00	No
West Virginia	\$50.00	Yes	\$25.00	Yes
Wisconsin	\$15.00	Yes	\$35.00	No
Wyoming	\$0.00	No	\$25.00	No

Sources: Lowenstein Sandler: Summary Survey of State Charity Registration Requirements in all 50 States and the District of Columbia, December 2019

Cindy M. Lott , Mary L. Shelly, Nathan Dietz, Marcus Gaddy, March 2018, "Bifurcation of State Regulation of Charities: Divided Regulatory Authority Over Charities and Its Impact on Charitable Solicitation Laws" <https://www.hurwitassociates.com/nonprofit-registration-and-compliance>

Data Appendix B

ANNUAL REPORTING AND FILING DATA				
State	Annual Report Filing Fees	File Annual Report*	Additional Annual Filings (e.g., a Separate Annual Financial Report, Statement of Information)*	Additional Annual Filing Fees
Alabama	\$25.00	1.0	-	\$0.00
Alaska	\$40.00	0.5	1.0	\$25.00
Arizona	\$10.00	1.0	1.0	\$0.00
Arkansas	\$0.00	1.0	1.0	\$0.00
California	\$300.00	1.0	3.5	\$45.00
Colorado	\$0.00	1.0	2.0	\$20.00
Connecticut	\$50.00	1.0	1.0	\$50.00
Delaware	\$25.00	1.0	-	\$0.00
Florida	\$61.25	1.0	1.0	\$400.00
Georgia	\$30.00	1.0	2.0	\$20.00
Hawaii	\$5.00	1.0	3.0	\$600.00
Idaho	\$0.00	1.0	-	\$0.00
Illinois	\$10.00	1.0	1.0	\$15.00
Indiana	\$10.00	1.0	1.0	\$0.00
Iowa	\$0.00	0.5	-	\$0.00
Kansas	\$40.00	1.0	1.0	\$35.00
Kentucky	\$15.00	1.0	1.0	\$0.00
Louisiana	\$5.00	1.0	-	\$0.00
Maine	\$35.00	1.0	1.0	\$25.00
Maryland	\$200.00	1.0	3.0	\$0.00
Massachusetts	\$15.00	1.0	1.0	\$2,000.00
Michigan	\$20.00	1.0	1.0	\$0.00
Minnesota	\$25.00	1.0	1.0	\$35.00
Mississippi	\$50.00	1.0	-	\$0.00
Missouri	\$15.00	1.0	1.0	\$15.00
Montana	\$15.00	1.0	-	\$0.00

ANNUAL REPORTING AND FILING DATA

State	Annual Report Filing Fees	File Annual Report*	Additional Annual Filings (e.g., a Separate Annual Financial Report, Statement of Information)*	Additional Annual Filing Fees
Nebraska	\$20.00	0.5	-	\$0.00
Nevada	\$25.00	1.0	1.0	\$0.00
New Hampshire	\$75.00	1.0	1.2	\$5.00
New Jersey	\$25.00	1.0	1.0	\$250.00
New Mexico	\$0.00	1.0	1.0	\$10.00
New York	\$1,525.00	1.0	-	\$0.00
North Carolina	\$200.00	1.0	1.0	\$0.00
North Dakota	\$10.00	1.0	-	\$0.00
Ohio	\$200.00	1.0	0.2	\$25.00
Oklahoma	\$65.00	1.0	1.0	\$0.00
Oregon	\$200.00	1.0	2.0	\$50.00
Pennsylvania	\$0.00	1.0	3.1	\$257.00
Rhode Island	\$20.00	1.0	3.0	\$140.00
South Carolina	\$50.00	1.0	2.0	\$0.00
South Dakota	\$10.00	1.0	-	\$0.00
Tennessee	\$20.00	1.0	2.0	\$240.00
Texas	\$0.00	-	2.0	\$255.00
Utah	\$10.00	1.0	1.0	\$100.00
Vermont	\$0.00	1.0	0.5	\$10.00
Virginia	\$325.00	1.0	2.0	\$0.00
Washington	\$10.00	1.0	2.0	\$40.00
West Virginia	\$25.00	1.0	2.0	\$50.00
Wisconsin	\$54.00	1.0	1.0	\$0.00
Wyoming	\$25.00	1.0	-	\$0.00

Sources: Lowenstein Sandler: Summary Survey of State Charity Registration Requirements in all 50 States and the District of Columbia, December 2019
<https://www.hurwitassociates.com/nonprofit-registration-and-compliance>

Data Appendix C

PAID SOLICITOR FEES AND REGULATION DATA								
State	Solicitor Renewal Fees	Paid Solicitor Registration Fee	Requires Registration by Commercial Fundraisers	Surety Bond Requirements	Requires Notice Before Solicitation Campaign	Requires Registration by Fundraising Counsel	Requires Annual Financial Reporting by Commercial Fundraisers	Requires Filing of Contracts between Charities and Commercial Fundraisers
Alabama	\$0.00	\$0.00	Yes	\$10,000	No	Yes	Yes	Yes
Alaska	\$0.00	\$200.00	Yes	\$10,000	No	No	Yes	Yes
Arizona	\$0.00	\$0.00	No	\$0	No	No	No	No
Arkansas	\$0.00	\$0.00	Yes	\$0	Yes	Yes	Yes	Yes
California	\$0.00	\$0.00	Yes	\$25,000	Yes	Yes	Yes	Yes
Colorado	\$0.00	\$0.00	Yes	\$0	Yes	No	Yes	No
Connecticut	\$0.00	\$0.00	Yes	\$20,000	Yes	No	Yes	Yes
Delaware	\$0.00	\$0.00	No	\$0	No	No	No	No
Florida	\$0.00	\$0.00	Yes	\$50,000	Yes	Yes	Yes	Yes
Georgia	\$0.00	\$0.00	Yes	\$10,000	Yes	No	Yes	Yes
Hawaii	\$0.00	\$0.00	Yes	\$25,000	No	Yes	Yes	Yes
Idaho	\$0.00	\$0.00	No	\$0	No	No	No	No
Illinois	\$0.00	\$100.00	Yes	\$10,000	No	Yes	Yes	Yes
Indiana	\$50.00	\$1,000.00	Yes	\$0	Yes	Yes	Yes	Yes
Iowa	\$0.00	\$10.00	Yes	\$0	No	No	No	Yes
Kansas	\$0.00	\$0.00	Yes	\$0	No	Yes	Yes	Yes
Kentucky	\$0.00	\$300.00	Yes	\$25,000	No	Yes	Yes	Yes
Louisiana	\$0.00	\$150.00	Yes	\$25,000	No	No	No	Yes
Maine	\$0.00	\$250.00	Yes	\$25,000	No	No	Yes	No
Maryland	\$0.00	\$350.00	Yes	\$25,000	Yes	Yes	Yes	Yes
Massachusetts	\$0.00	\$1,000.00	Yes	\$25,000	No	Yes	Yes	Yes
Michigan	\$0.00	\$0.00	Yes	\$10,000	No	No	Yes	Yes
Minnesota	\$0.00	\$200.00	Yes	\$20,000	Yes	Yes	Yes	Yes
Mississippi	\$0.00	\$250.00	Yes	\$10,000	Yes	Yes	Yes	Yes
Missouri	\$50.00	\$50.00	Yes	\$0	No	No	Yes	No
Montana	\$0.00	\$0.00	No	\$0	No	No	No	No

PAID SOLICITOR FEES AND REGULATION DATA

State	Solicitor Renewal Fees	Paid Solicitor Registration Fee	Requires Registration by Commercial Fundraisers	Surety Bond Requirements	Requires Notice Before Solicitation Campaign	Requires Registration by Fundraising Counsel	Requires Annual Financial Reporting by Commercial Fundraisers	Requires Filing of Contracts between Charities and Commercial Fundraisers
Nebraska	\$0.00	\$0.00	No	\$0	No	No	No	No
Nevada	\$0.00	\$0.00	No	\$0	No	No	No	No
New Hampshire	\$0.00	\$150.00	Yes	\$20,000	Yes	Yes	No	Yes
New Jersey	\$0.00	\$0.00	Yes	\$20,000	No	Yes	Yes	Yes
New Mexico	\$0.00	\$0.00	Yes	\$25,000	No	No	No	Yes
New York	\$0.00	\$0.00	Yes	\$10,000	No	Yes	Yes	Yes
North Carolina	\$0.00	\$0.00	Yes	\$50,000	No	Yes	Yes	Yes
North Dakota	\$0.00	\$0.00	Yes	\$20,000	No	Yes	No	Yes
Ohio	\$0.00	\$0.00	Yes	\$25,000	Yes	No	Yes	Yes
Oklahoma	\$0.00	\$0.00	Yes	\$0	No	No	No	No
Oregon	\$0.00	\$0.00	Yes	\$0	Yes	Yes	Yes	Yes
Pennsylvania	\$0.00	\$0.00	Yes	\$25,000	No	Yes	Yes	Yes
Rhode Island	\$0.00	\$0.00	Yes	\$10,000	No	Yes	No	Yes
South Carolina	\$0.00	\$0.00	Yes	\$15,000	Yes	Yes	Yes	Yes
South Dakota	\$0.00	\$0.00	Yes	\$0	Yes	No	Yes	No
Tennessee	\$0.00	\$0.00	Yes	\$25,000	Yes	Yes	Yes	Yes
Texas	\$0.00	\$0.00	No	\$25,000	No	No	Yes	Yes
Utah	\$0.00	\$0.00	Yes	\$0	Yes	Yes	No	Yes
Vermont	\$0.00	\$0.00	Yes	\$20,000	Yes	No	Yes	Yes
Virginia	\$0.00	\$0.00	Yes	\$20,000	No	Yes	Yes	Yes
Washington	\$0.00	\$0.00	Yes	\$25,000	No	No	Yes	Yes
West Virginia	\$0.00	\$0.00	Yes	\$10,000	No	Yes	No	Yes
Wisconsin	\$0.00	\$0.00	Yes	\$20,000	Yes	Yes	Yes	Yes
Wyoming	\$0.00	\$0.00	No	\$0	No	No	No	No

Sources: Lowenstein Sandler: Summary Survey of State Charity Registration Requirements in all 50 States and the District of Columbia, December 2019

Cindy M. Lott , Mary L. Shelly, Nathan Dietz, Marcus Gaddy, March 2018, "Bifurcation of State Regulation of Charities: Divided Regulatory Authority Over Charities and Its Impact on Charitable Solicitation Laws"

Data Appendix D

AUDIT REQUIREMENT DATA				
State	Require Independent CPA Audit	Require Independent CPA Audit for Public Contracts Only	Revenue Threshold for Audit	Revenue Threshold for Review
Alabama	No	No	-	-
Alaska	Yes*	No	\$750,000	-
Arizona	No	No	-	-
Arkansas	Yes	No	\$500,000	-
California	Yes	No	\$2,000,000	-
Colorado	No	No	-	-
Connecticut	Yes	No	\$500,000	-
Delaware	No	No	-	-
Florida	Yes	No	\$1,000,000	\$500,000
Georgia	Yes	No	\$1,000,000	\$500,000
Hawaii	Yes	No	-	-
Idaho	No	No	-	-
Illinois	Yes	No	\$300,000	\$25,000
Indiana	No	Yes	\$750,000	-
Iowa	No	No	-	-
Kansas	Yes	No	\$500,000	-
Kentucky	No	No	-	-
Louisiana	No	Yes	\$500,000	\$200,000
Maine	Yes*	No	-	-
Maryland	Yes	No	\$750,000	\$300,000
Massachusetts	Yes	No	\$500,000	\$200,000
Michigan	Yes	No	\$500,000	\$250,000
Minnesota	Yes	No	\$750,000	-
Mississippi	Yes	No	\$250,000	-
Missouri	No	No	-	-
Montana	No	No	-	-

AUDIT REQUIREMENT DATA

State	Require Independent CPA Audit	Require Independent CPA Audit for Public Contracts Only	Revenue Threshold for Audit	Revenue Threshold for Review
Nebraska	No	No	-	-
Nevada	No	No	-	-
New Hampshire	Yes	No	\$2,000,000	\$500,000
New Jersey	Yes	No	\$1,000,000	\$25,000
New Mexico	Yes	No	\$500,000	-
New York	Yes	No	\$1,000,000	\$250,000
North Carolina	No	Yes	\$500,000	-
North Dakota	No	No	-	-
Ohio	No	No	-	-
Oklahoma	No	No	-	-
Oregon	No	No	-	-
Pennsylvania	Yes	No	\$750,000	\$100,000
Rhode Island	Yes	No	\$500,000	-
South Carolina	No	No	-	-
South Dakota	No	No	-	-
Tennessee	Yes	No	\$500,000	-
Texas	No	No	-	-
Utah	No	No	-	-
Vermont	No	No	-	-
Virginia	Yes	No	\$1,000,000	\$750,000
Washington	Yes	No	\$3,000,000	\$1,000,000
West Virginia	Yes	No	\$500,000	\$300,000
Wisconsin	Yes	No	\$500,000	\$300,000
Wyoming	No	No	-	-

Source: <https://www.councilofnonprofits.org/nonprofit-audit-guide/state-law-audit-requirements>

Data Appendix E

GENERAL OVERSIGHT DATA				
State	Bifurcated Jurisdiction (1 Bifurcated, 0 AG-only regulator)	Not Exempt from State Sales and Use Taxes	Oversees Commercial Co-Ventures	Charitable Contributions Tax Deductible for Residents
Alabama	No	Not Exempt	Yes	Limited
Alaska	No	Exempt	No	Full
Arizona	Yes	Not Exempt	No	Full
Arkansas	No	Not Exempt	Yes	Full
California	No	Not Exempt	No	Limited
Colorado	Yes	Exempt	Yes	Limited
Connecticut	Yes	Exempt	Yes	Not Allowed
Delaware	No	Exempt	No	Full
Florida	Yes	Not Exempt	Yes	Full
Georgia	Yes	Not Exempt	No	Full
Hawaii	No	Not Exempt	Yes	Limited
Idaho	No	Not Exempt	No	Full
Illinois	No	Exempt	No	Not Allowed
Indiana	No	Exempt	No	Not Allowed
Iowa	No	Not Exempt	No	Limited
Kansas	Yes	Not Exempt	No	Full
Kentucky	No	Exempt	No	Full
Louisiana	No	Not Exempt	Yes	Full
Maine	Yes	Exempt	No	Limited
Maryland	Yes	Exempt	No	Full
Massachusetts	No	Exempt	Yes	Not Allowed
Michigan	No	Exempt	No	Not Allowed
Minnesota	No	Exempt	No	Limited
Mississippi	Yes	Not Exempt	Yes	Full
Missouri	No	Exempt	No	Limited
Montana	No	Exempt	No	Full

GENERAL OVERSIGHT DATA

State	Bifurcated Jurisdiction (1 Bifurcated, 0 AG-only regulator)	Not Exempt from State Sales and Use Taxes	Oversees Commercial Co-Ventures	Charitable Contributions Tax Deductible for Residents
Nebraska	No	Not Exempt	No	Full
Nevada	Yes	Exempt	No	Full
New Hampshire	No	Exempt	Yes	Not Allowed
New Jersey	Yes	Exempt	Yes	Not Allowed
New Mexico	No	Exempt	No	Full
New York	No	Exempt	Yes	Limited
North Carolina	Yes	Not Exempt	No	Full
North Dakota	Yes	Not Exempt	No	Full
Ohio	No	Exempt	Yes	Not Allowed
Oklahoma	Yes	Not Exempt	No	Full
Oregon	No	Exempt	Yes	Full
Pennsylvania	Yes	Exempt	Yes	Not Allowed
Rhode Island	Yes	Exempt	No	Not Allowed
South Carolina	Yes	Not Exempt	Yes	Full
South Dakota	No	Not Exempt	No	Full
Tennessee	Yes	Exempt	Yes	Full
Texas	No	Exempt	No	Full
Utah	Yes	Exempt	Yes	Limited
Vermont	No	Exempt	No	Limited
Virginia	Yes	Exempt	Yes	Limited
Washington	Yes	Not Exempt	No	Full
West Virginia	Yes	Exempt	No	Not Allowed
Wisconsin	Yes	Exempt	No	Limited
Wyoming	No	Exempt	No	Full

Sources: Cindy M. Lott , Mary L. Shelly, Nathan Dietz, Marcus Gaddy, March 2018, "Bifurcation of State Regulation of Charities: Divided Regulatory Authority Over Charities and Its Impact on Charitable Solicitation Laws"

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