

SENATE BILL REPORT

SB 5693

As Reported By Senate Committee On:
Law & Justice, February 28, 1995

Title: An act relating to financial reporting by corporations, associations, societies, and granges.

Brief Description: Requiring financial reporting by corporations, associations, societies, and granges.

Sponsors: Senators Haugen, Long and Winsley; by request of Secretary of State.

Brief History:

Committee Activity: Law & Justice: 2/23/95, 2/28/95 [DPS].

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 5693 be substituted therefor, and the substitute bill do pass.

Signed by Senators Smith, Chair; C. Anderson, Vice Chair; Hargrove, Haugen, Long and Rinehart.

Staff: Cynthia Runger (786-7717)

Background: Under current law, nonprofit charitable and tax exempt organizations must produce financial and other information pursuant to the Washington State Charitable Solicitations Act and various taxing authorities. This information is public to anyone requesting it. However, some members of the public have, for various reasons, had difficulty obtaining this information.

There is concern among the public that larger nonprofit organizations conduct business as if they were profit corporations. Among the business community there is trepidation about unfair competition. Access to this information would be made easier if it were available at the Secretary of State's office.

Summary of Substitute Bill: All nonprofit organizations listed in the Nonprofit Corporations Act with either assets of at least \$5 million, expenses of at least \$1 million, or both, must complete a nonprofit corporation financial form provided by the Secretary of State. The form must include the name, address, title, and annual gross compensation of each board member, officer, and the five highest-paid employees of the corporation. This requirement does not apply to nonprofit corporations given tax exempt status by the Internal Revenue Service.

Substitute Bill Compared to Original Bill: The substitute bill exempts all nonprofit organizations given tax exempt status by the Internal Revenue Service.

Appropriation: None.

Fiscal Note: Requested on February 15, 1995.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will provide the public easier access to information which is currently, by law, made public.

Testimony Against: This bill would require organizations to duplicate their reporting.

Testified: Stephen Hyer, Washington Assn. of Realtors (con); Ralph Munro, Secretary of State (pro); Lee Greene, Washington State Bar Assn. (con); Larry Stevens, Washington Automotive Wholesalers Assn. (con).