

# FINAL BILL REPORT

## SHB 1485

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Synopsis as Enacted

**Brief Description:** Regarding charitable solicitations.

**Sponsors:** House Committee on Judiciary (originally sponsored by Representatives Rodne, Kirby, Pedersen, Johnson and Kelley; by request of Secretary of State).

**House Committee on Judiciary**  
**Senate Committee on Labor, Commerce & Consumer Protection**

### **Background:**

Under the Charitable Solicitations Act (CSA), charitable organizations and commercial fund raisers that solicit contributions from the public must first register with the Office of the Secretary of State (OSOS) before conducting any solicitations. Registration under the CSA is effective for one year or longer, as established by the OSOS. The Secretary of the OSOS (Secretary) must send notices to renew registrations to the entities by mail.

Certain entities are not considered charitable organizations, such as churches, political organizations, and entities that are strictly volunteer-run and raise less than \$25,000 in any accounting year. However, those entities exempt from registering must still comply with certain requirements when making charitable solicitations.

The CSA includes disclosure requirements and prohibits certain kinds of representations during solicitations. The OSOS makes certain information, such as financial disclosures, about charitable organizations available to the public. The Secretary may establish a tiered requirement for financial reporting based on the charitable organization's revenues.

The CSA provides additional requirements for commercial fundraisers, which are entities that are paid to solicit funds on behalf of a charity. Certain commercial fundraisers must execute surety bonds equal to no less than \$15,000. The Secretary may, by rule, reduce the amount of the bond required. Commercial fundraisers may subcontract with other commercial fundraisers. The primary commercial fundraiser must register with the OSOS and must disclose the name of any subcontracting entity that will receive more than 10 percent of the total anticipated fundraising costs.

### **Summary:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Various sections of the CSA are reorganized for clarity and readability. Certain terms are changed for consistency. Terms, such as "gross revenue," are defined and other amendments to the CSA are made.

Registration.

An entity is considered registered 20 days after receipt of the registration form and may commence soliciting contributions from the public. Volunteer-run charitable organizations raising less than \$50,000 in any accounting year are exempt from registration requirements. The Secretary or the Attorney General may publish, on the Internet or in a press release, notifications that an entity is soliciting without registering.

Disclosure of Information.

Charitable organizations that are required to file certain federal tax forms do not have to file a copy of the tax form with the OSOS if the form is available for public inspection under federal tax law.

A commercial fundraiser must disclose whether it is using a subcontractor, regardless of whether the subcontractor is expected to receive a certain percentage of the anticipated fundraising costs. It is made explicit that Social Security numbers and financial account numbers are not public information.

Secretary's Discretion.

The Secretary is given discretion to: (1) send renewal or other notices electronically; (2) set the principal amount of the surety bond required of certain commercial fundraisers; and (3) establish how long registrations are effective.

In-person Collections.

An entity is prohibited from collecting on contributions in person unless: (1) the contributions are noncash items; (2) the solicitation for the contribution is made in person and the collection of the contribution is made at the same time as the solicitation; or (3) the contributor has agreed to purchase goods in connection with the solicitation and the collection is made at the time the goods are delivered.

**Votes on Final Passage:**

House	97	0	
Senate	48	0	(Senate amended)
House	96	0	(House concurred)

**Effective:** July 22, 2011