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Arizona, Maine, and Nevada Pass Laws affecting Charitable Solicitation Registration Requirements: Is there a trend emerging?

With roughly 39 states and the District of Columbia having some form of charitable solicitation registration laws, a majority of states regulate charitable solicitation registration. It is less clear, however, whether a trend is emerging for tighter or more relaxed regulation within those systems. Lawmakers dealing with charitable solicitation registration laws often struggle to find the right balance between protecting the public against fraud, misrepresentations, and other deceptive practices and imposing reasonable regulations that are not overly burdensome or costly to legitimate charitable organizations. The recent laws passed by Arizona, Maine, and Nevada are current examples of this ongoing debate.

In Arizona, there was some resistance to [repealing the registration requirement](#) for charitable organizations, even from groups that recognized serious flaws in the registration system, such as the absence of exceptions for small organizations and a lack of meaningful enforcement measures. In [a letter](#) to Arizona state Governor Janice Brewer, the Alliance of Arizona Nonprofits acknowledged the system was “broken” but still encouraged Governor Brewer to veto the bill in favor of “a more measured and thoughtful approach” due to the potential harm to citizens and the goodwill of the philanthropic sector by bad actors in a regulatory vacuum.

In Maine, the [expanded exemptions from the charitable solicitation licensing requirement](#) were largely supported by the Maine Association of Nonprofits (MANP), which had worked closely with the Office of Professional & Occupational Regulation on the bill and also testified in support of its passage. MANP had actually pushed for [other repeals](#) that did not make it into the final bill, including repealing the annual exemption form required of charitable organizations exempt from the licensing requirement and eliminating the requirement that charitable organizations receive an Internal Revenue Service determination letter before they can be licensed.

In Nevada, [the new registration system](#) received considerable pushback in the initial [Assembly committee meeting](#). Deputy Attorney General Kevin Benson and Chief Deputy of the Secretary of State Nicole Lamboley testified that the purpose of the bill was to give the public more information about the entities that are soliciting them, such as whether the entity is qualified to receive deductible charitable contributions under federal tax law. The concerns of some state Assembly members and others testifying against the bill included the cost to small nonprofits for compliance and reluctance that the state get involved with matters related to federal income tax deductions.

A trend toward more or less regulation remains an open question, but the recent changes in Arizona, Maine, and Nevada demonstrate that states are still considering the

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issue of state charitable solicitation registration laws. There may be other changes around the corner as states continue to seek the right balance between protecting their citizens and imposing reasonable regulations on charitable organizations.