

SESSION OF 2005

SUPPLEMENTAL NOTE ON SENATE BILL NO. 121

As Amended by House Committee of the Whole

Brief*

SB 121 would amend the Charitable Organizations and Solicitations Act.

The bill would require charitable organizations to file additional registration information with the Secretary of State's Office if those organizations want to solicit funds in Kansas.

Under the bill, organizations that receive contributions in excess of \$500,000 shall be required to file a copy of the federal income tax return and an audited financial statement for the organization's most recently completed fiscal year. Current law requires organizations filing audited statements if they receive contributions in excess of \$100,000.

In addition, the bill deals with the Corporation Code by adding the term "university" to the list of words, one of which a corporation needs to include in its name. Other words a corporation can consider are terms such as "association," "church," "college," "company," "corporation," "club," "foundation," "fund," "incorporated," "institute," "society," "union," "syndicate," or "limited."

Background

The Legal Counsel for the Secretary of State's Office testified as a proponent to the bill. She said that charitable organizations receiving \$100,000 in contributions was relatively small, and an audit cost 10 % (\$7,000 to \$10,000) of their annual income. The new amount (\$500,000)

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

is consistent with federal law which requires organizations at the \$500,000 level to complete an audit to receive federal funds.

The House Committee of the Whole added the provision whereby a Corporation can select from various words to include in the corporate name.

The fiscal note from the Division of Budget indicates that charitable organizations making between \$100,000 and \$500, 000 would no longer be subject to annual audits by the Secretary of State's Office. The Secretary of State's Office estimated that audited statements cost approximately \$7,000 to \$10,000 for audits of charitable organizations which receive contributions not in excess of \$100,000.