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SENATE BILL NO. 568

Offered January 13, 2010

Prefiled January 13, 2010

A BILL to amend and reenact § 57-60 of the Code of Virginia, relating to charitable organizations; exemptions to reporting requirements.

Patrons—Ticer, Howell and Marsden; Delegates: Herring, Kory, Plum and Watts

Referred to Committee on General Laws and Technology

Be it enacted by the General Assembly of Virginia:**1. That § 57-60 of the Code of Virginia is amended and reenacted as follows:****§ 57-60. Exemptions.**

A. The following persons shall be exempt from the registration requirements of § 57-49, but shall otherwise be subject to the provisions of this chapter:

1. Educational institutions that are accredited by the Board of Education, by a regional accrediting association or by an organization affiliated with the National Commission on Accrediting, the Association Montessori Internationale, the American Montessori Society, the Virginia Independent Schools Association, or the Virginia Association of Independent Schools, any foundation having an established identity with any of the aforementioned educational institutions, and any other educational institution confining its solicitation of contributions to its student body, alumni, faculty and trustees, and their families.

2. Persons requesting contributions for the relief of any individual specified by name at the time of the solicitation when all of the contributions collected without any deductions whatsoever are turned over to the named beneficiary for his use.

3. Charitable organizations that do not intend to solicit and receive, during a calendar year, and have not actually raised or received, during any of the three next preceding calendar years, contributions from the public in excess of \$5,000, if all of their functions, including fund-raising activities, are carried on by persons who are unpaid for their services and if no part of their assets or income inures to the benefit of or is paid to any officer or member. Nevertheless, if the contributions raised from the public, whether all of such are or are not received by any charitable organization during any calendar year, shall be in excess of \$5,000, it shall, within 30 days after the date it has received total contributions in excess of \$5,000, register with and report to the Commissioner as required by this chapter.

4. Organizations that solicit only within the membership of the organization by the members thereof.

5. Organizations that have no office within the Commonwealth, that solicit in the Commonwealth from without the Commonwealth solely by means of telephone or telegraph, direct mail or advertising in national media, and that have a chapter, branch, or affiliate within the Commonwealth that has registered with the Commissioner.

6. Organizations that have been granted tax-exempt status under § 501(c)(3) of the Internal Revenue Code and that are organized wholly as Area Health Education Centers in accordance with § 32.1-122.7.

7. Health care institutions defined herein as any facilities that have been granted tax-exempt status under § 501(c)(3) of the Internal Revenue Code, and that are (i) licensed by the Department of Health or the Department of Behavioral Health and Developmental Services; (ii) designated by the Health Care Financing Administration (HCFA) as federally qualified health centers; (iii) certified by the HCFA as rural health clinics; or (iv) wholly organized for the delivery of health care services without charge; and any supporting organization that exists solely to support any such health care institutions. For the purposes of clause (iv), "delivery of health care services without charge" includes the delivery of dental, medical or other health services where a reasonable minimum fee is charged to cover administrative costs.

8. Civic organizations as defined herein.

9. Nonprofit debt counseling agencies licensed pursuant to Chapter 10.2 (§ 6.1-363.2 et seq.) of Title 6.1.

10. Agencies designated by the Virginia Department for the Aging pursuant to subdivision A 6 of § 2.2-703 as area agencies on aging.

11. Labor unions, labor associations and labor organizations that have been granted tax-exempt status under § 501(c)(5) of the Internal Revenue Code.

12. Trade associations that have been granted tax-exempt status under § 501(c)(6) of the Internal Revenue Code.

13. Organizations that have been granted tax-exempt status under § 501(c)(3) of the Internal Revenue

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59 Code and that are organized wholly as regional emergency medical services councils in accordance with
60 § 32.1-111.11.

61 14. Nonprofit organizations that have been granted tax-exempt status under § 501(c)(3) of the Internal
62 Revenue Code and that solicit contributions only through (i) grant proposals submitted to for-profit
63 corporations, (ii) grant proposals submitted to other nonprofit organizations that have been granted
64 tax-exempt status under § 501(c)(3) of the Internal Revenue Code, or (iii) grant proposals submitted to
65 organizations determined to be private foundations under § 509(a) of the Internal Revenue Code.

66 15. *Veterans' posts or organizations that have been granted tax-exempt status under § 501(c)(3) of*
67 *the Internal Revenue Code.*

68 B. A charitable organization shall be subject to the provisions of §§ 57-57 and 57-59, but shall
69 otherwise be exempt from the provisions of this chapter for any year in which it confines its
70 solicitations in the Commonwealth to five or fewer contiguous cities and counties, and in which it has
71 registered under the charitable solicitations ordinance, if any, of each such city and county. No
72 organization shall be exempt under this subsection if, during its next preceding fiscal year, more than 10
73 percent of its gross receipts were paid to any person or combination of persons, located outside the
74 boundaries of such cities and counties, other than for the purchase of real property, or tangible personal
75 property or personal services to be used within such localities. An organization that is otherwise
76 qualified for exemption under this subsection that solicits by means of a local publication, or radio or
77 television station, shall not be disqualified solely because the circulation or range of such medium
78 extends beyond the boundaries of such cities or counties.

79 C. No charitable or civic organization shall be exempt under this section unless it submits to the
80 Commissioner, who in his discretion may extend such filing deadline prospectively or retrospectively for
81 good cause shown, on forms to be prescribed by him, the name, address and purpose of the organization
82 and a statement setting forth the reason for the claim for exemption. Parent organizations may file
83 consolidated applications for exemptions for any chapters, branches, or affiliates that they believe to be
84 exempt from the registration provisions of this chapter. If the organization is exempted, the
85 Commissioner shall issue a letter of exemption, which may be exhibited to the public. A registration fee
86 of \$10 shall be required of every organization requesting an exemption after June 30, 1984. The letter of
87 exemption shall remain in effect as long as the organization continues to solicit in accordance with its
88 claim for exemption.

89 D. Nothing in this chapter shall be construed as being applicable to the American Red Cross or any
90 of its local chapters.