

Reporting Requirements in the States
Nonprofit Reporting of Community Benefits Study
Prepared for the Revenue and Transportation Interim Committee
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This report provides information about nonprofit organization filing requirements at the federal, state, and local level. Nonprofit organizations may be exempt from income taxes, property taxes, and sales taxes. Because Montana does not have a sales tax, this report does not discuss reporting requirements related to sales tax exemptions.

Federal Filing Requirements for Income Tax-Exempt Organizations

Many organizations exempt from the federal income tax must file an annual information return with the Internal Revenue Service (IRS). The following exempt organizations are not required to file: churches and church-affiliated schools below the college level, federal credit unions, private foundations required to file a [Form 990-PF](#), pension trusts, subsidiaries of other tax-exempt organizations, and committees of a political party, candidate, caucus, or association of officials.¹ Tax-exempt organizations with annual gross receipts of \$50,000 or less may file [Form 990-N](#), or the e-Postcard, instead of the [Form 990](#) or [Form 990-EZ](#).² The Pension Protection Act of 2006 included the requirement that small tax-exempt organizations with gross receipts of \$50,000 or less file annually. The filing requirement went into effect in 2008, requiring filings for the 2007 tax year.³

Income Tax-Exempt Organization Filing Requirements Vary

State filing requirements of income tax-exempt organizations vary considerably based on the type of organization, whether it solicits contributions, and the state(s) in which the organization operates. Income tax-exempt organizations that are nonprofit corporations may be required to file annually with the state office that registers corporations. State-by-state requirements related to corporate filings are not discussed further here because this filing is related to the formation as a corporation rather than income tax-exempt status and the purpose seems to be to confirm continued existence and accurate information on corporate officers.

Tax filing requirements for income tax-exempt organizations generally fall into three categories: no state filing requirements, filing of Form 990 required, or filing of a state form required. In addition, many

¹"Annual Exempt Organization Return: Who Must File," *Internal Revenue Service*, available from <https://www.irs.gov/Charities-&-Non-Profits/Annual-Exempt-Organization-Return:-Who-Must-File>, accessed Nov. 18, 2015.

²"Annual Electronic Filing Requirement for Small Exempt Organizations - Form 990-N (e-Postcard)," *Internal Revenue Service*, available from [https://www.irs.gov/Charities-&-Non-Profits/Annual-Electronic-Filing-Requirement-for-Small-Exempt-Organizations-Form-990-N-\(e-Postcard\)](https://www.irs.gov/Charities-&-Non-Profits/Annual-Electronic-Filing-Requirement-for-Small-Exempt-Organizations-Form-990-N-(e-Postcard)), accessed Nov. 18, 2015.

³"Exempt Organizations Annual Reporting Requirements - Annual Electronic Notice (Form 990-N) for Small Organizations: Who Must File," *Internal Revenue Service*, [https://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Annual-Reporting-Requirements-Annual-Electronic-Notice-\(Form-990-N\)-for-Small-Organizations:-Who-Must-File](https://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Annual-Reporting-Requirements-Annual-Electronic-Notice-(Form-990-N)-for-Small-Organizations:-Who-Must-File), accessed Nov. 18, 2015.

states require organizations that solicit contributions, which are often income tax-exempt, to file annual reports. The first section provides information on organizations that solicit contributions. The second section provides information on state tax filings.

Organizations That Solicit Contributions Required to File in Many States

Thirty-nine states and the District of Columbia require organizations that solicit donations in the state to register with a state official, often the attorney general or secretary of state. Montana and some of its neighbors are among the 11 states that do not require registration for organizations soliciting donations: Delaware, Idaho, Indiana, Iowa, Montana, Nevada, Nebraska, South Dakota, Texas, Vermont, and Wyoming.⁴ All states that require registration require filing of an annual renewal or financial report. Often, the Form 990 meets this requirement but some states, such as Illinois, Massachusetts, and Washington, require state-specific forms.⁵

Many states that require registration exempt certain organizations such as nonprofit hospitals, educational institutions, religious organizations, and small nonprofits. Twelve of these states, however, require state confirmation of the exemption from registration. A small number of states base the registration requirement on the number of donors. For example, Michigan exempts organizations that receive annual donations from 10 or fewer people.⁶

The National Association of Attorneys General and the National Association of State Charities Officials have developed a [standardized registration form](#) that can be used in most states that require registration for organizations that solicit charitable donations. The states that do not allow use of the standardized registration form are Colorado, Florida, and Oklahoma.⁷

State Tax Filing Requirements of Income Tax-Exempt Organizations Differ

This section provides information on states that require filing of a state form, states that require filing of the Form 990 or other federal information return, and states that do not require filing.⁸ The most common state practice is no requirement to file an information return with state tax authorities.

Required to File a State Form

⁴"The Unified Registration Statement," *The Multi-State Filer Project*, available from <http://multistatefiling.org/>, accessed Nov. 5, 2015.

⁵"Appendix of Cooperating States," *The Multi-State Filer Project*, available from http://multistatefiling.org/n_appendix.htm#financial, accessed Nov. 18, 2015.

⁶"Fundraising Registration: An Overview," *Nolo*, available from <http://www.nolo.com/legal-encyclopedia/fundraising-registration-does-nonprofit-need-33598.html>, accessed Nov. 5, 2015.

⁷"The Unified Registration Statement," *The Multi-State Filer Project*, available from <http://multistatefiling.org/>, accessed Nov. 5, 2015.

⁸States for which filing requirements could not be determined are not included, but these states likely do not require a state tax filing. Tax-exempt organizations with unrelated business income subject to federal income tax are required to file a state income tax return. Nevada, Ohio, South Dakota, Texas, Washington, and Wyoming do not levy a corporate income tax.

Arizona requires filing of [Form 99](#) or federal Form 990 with the state Department of Revenue if the organization's gross receipts exceed \$50,000. The following organizations are exempt from the filing requirement regardless of gross receipts: religious organizations, educational organizations, charitable organizations or organizations for the prevention of cruelty to children or animals, and fraternal beneficiary societies operating under the lodge system and providing payment of benefits to members.⁹

California filing requirements are similar to IRS filing requirements: the same types of organizations are exempt from filing requirements and among organizations that are required to file annually, those with gross receipts below a certain threshold file the California e-Postcard. The threshold at which filing of an annual information return, the [Form 199](#), is required varies based on how long the organization has existed. Organizations in existence for 3 years or more must file the Form 199 if gross receipts exceed \$50,000 on average. The threshold is higher for newer organizations: \$60,000 for an organization more than 1 year old but less than 3 years old and \$75,000 for an organization in existence for less than a year. A \$10 fee is required when filing the Form 199.¹⁰

Florida requires income tax-exempt organizations to file an income tax return, [Form 1120](#) or Form 1120A, even if no tax is due.¹¹

Indiana requires nonprofit organizations to file [Form NP-20](#) and attach the federal Form 990, Form 990-EZ, or Form 990-PF, if required to be filed by the IRS.¹²

Required to File Form 990

Georgia does not require income tax-exempt organizations to file an additional state form, but such organizations are required to file a copy of the Form 990, 990-EZ, or 990-PF. If the organization files the e-Postcard, it must provide a copy of the IRS receipt for the e-Postcard and "a brief statement as to why there is no paper return."¹³

No State Filing Requirement

The following states do not require an income tax-exempt organization to file a state information return:

⁹"2014 Exempt Organization Information Sheet," *Arizona Department of Revenue*, available from <https://www.azdor.gov/Portals/0/Newsroom/2014ExemptOrganizationInformation.pdf>, accessed Nov. 18, 2015.

¹⁰"Filing Requirements - Form 199, Exempt Organization Annual Information Return," *State of California Franchise Tax Board*, available from https://www.ftb.ca.gov/businesses/Exempt_organizations/Filing_Requirements_Form_199.shtml, accessed Nov. 18, 2015.

¹¹"[Corporate Income Tax](#)," *Florida Department of Revenue*, p. 1.

¹²"Nonprofit," *Indiana Department of Revenue*, available from <http://www.in.gov/dor/3506.htm>, accessed Nov. 20, 2015.

¹³"Tax Exempt Organizations (Income Tax)," *Georgia Department of Revenue*, available from https://dor.georgia.gov/tax-exempt-organizations-income-tax#field_related_links-486-3, accessed Nov. 18, 2015.

Alabama,¹⁴ Alaska,¹⁵ Colorado,¹⁶ Connecticut,¹⁷ Delaware,¹⁸ Hawaii,¹⁹ Iowa,²⁰ Kansas,²¹ Kentucky,²² Maryland,²³ Missouri,²⁴ Montana, Nebraska,²⁵ New Jersey,²⁶ North Carolina,²⁷ North Dakota,²⁸ Oregon,²⁹

¹⁴"Frequently Asked Questions Corporate Income Tax," *Alabama Department of Revenue*, available from http://revenue.alabama.gov/incometax/Corporate_FAQ.cfm#Exempt, accessed Nov. 19, 2015.

¹⁵"[Instructions for Forms 6000 and 6020 2014 Alaska Corporation Net Income Tax Return](#)," *Alaska Department of Revenue*, p. 3.

¹⁶"[2014 Colorado C-Corporation Income Tax Booklet](#)," *Colorado Department of Revenue*, p. 4.

¹⁷"Tax-Exempt Status and IRS Reporting Obligations," *Yale College*, available from <http://yalecollege.yale.edu/campus-life/student-organizations/guidelines-and-documents/tax-exempt-status-and-irs-reporting>, accessed Nov. 18, 2015.

¹⁸"FAQs: Corporate Income Tax," *Department of Finance*, available from http://revenue.delaware.gov/information/faqs_cit.shtml, accessed Nov. 19, 2015.

¹⁹"[Instructions for Form N-30 Corporate Income Tax Return](#)," *Hawaii Department of Taxation*, p. 8.

²⁰"Iowa Corporate Income Tax," *Iowa Department of Revenue*, available from <https://tax.iowa.gov/iowa-tax-fee-descriptions-and-rates#corp>, accessed Nov. 23, 2015.

²¹"Frequently Asked Questions About Corporate Income," *Kansas Department of Revenue*, available from <http://www.ksrevenue.org/faqs-taxcorpinc.html>, accessed Nov. 23, 2015.

²²"Frequently Asked Questions," *Kentucky Department of Revenue*, available from <http://revenue.ky.gov/FAQ/FAQsCorp.htm>, accessed Nov. 23, 2015.

²³"Non-profit Organization," *Maryland Office of Secretary of State*, available from <http://www.sos.state.md.us/charity/Non-Profit.html>, accessed Nov. 18, 2015.

²⁴"Corporate Income Tax," *Missouri Department of Revenue*, available from <http://dor.mo.gov/faq/business/corporate.php>, accessed Nov. 23, 2015.

²⁵"[The Nebraska Taxation of Nonprofit Organizations](#)," *Nebraska Department of Revenue*, revised December 2009.

²⁶"Nonprofit Corporations," *Division of Taxation*, available from <http://www.state.nj.us/treasury/taxation/exemptcbt.shtml>, accessed Nov. 19, 2015.

²⁷"[Who Should File: II. Corporate Income Tax](#)," *North Carolina Department of Revenue*, p. 1.

²⁸"Corporate Income Tax Frequently Asked Questions," *Office of State Tax Commissioner*, available from <http://www.nd.gov/tax/misc/faq/corpincome/>, accessed Nov. 18, 2015.

²⁹"Nonprofit and tax-exempt organizations including cooperatives and homeowners associations," *Department of Revenue: Business Taxes*, available from <http://www.oregon.gov/dor/BUS/Pages/nonprofit-tax-exempt.aspx>, accessed Nov. 18, 2015.

South Carolina,³⁰ Utah,³¹ Vermont,³² Virginia,³³ and Wisconsin.³⁴

Property Tax-Exempt Organization Reporting Difficult to Determine

The 2015 Montana Legislature passed [House Bill No. 389](#), which requires a periodic review of certain tax-exempt real property. Owners of such property must reapply to the Department of Revenue by March 1, 2016, and subsequently on a schedule to be determined by the Department of Revenue that results in a cyclical review at least every 6 years.

Information on whether exempt property in other states is subject to annual reporting is difficult to ascertain. Some state Departments of Revenue grant property tax exemptions as is the practice in Montana, while in other states the local government approves property tax exemptions (generally based on state law). Only three states -- New York, Utah, and Washington -- were found to require annual filing at the state level. However, due to the complexity of the mixed state and local authority over property tax exemptions, there could be other jurisdictions that require such reporting but for which the information was not readily accessible. Therefore, the information provided in this section gives examples of practices in a few states.

New York

New York requires organizations with a real property tax exemption to file a [renewal application](#) each year in each assessment unit for which an exemption is granted.³⁵

Utah

Utah requires an [annual statement](#) from organizations with property tax exemptions for religious, charitable, or educational purposes. The statement must be filed with the local legislative body by March 1. The form asks for information about the property including the owner's name, the location of the property, the tax year in which the exemption was first granted, a description of any changes to use of the property since the previous year, and the name and address of any organization conducting business

³⁰"FAQ: Corporate" *South Carolina Department of Revenue*, available from <https://dor.sc.gov/tax-index/corporate/Pages/FAQ.aspx>, accessed Nov. 23, 2015.

³¹"Business & Corporate Income Tax Frequently Asked Questions," available from <http://tax.utah.gov/business/corporate-tax>, accessed Nov. 23, 2015.

³²"Nonprofit and Exempt Organizations," *Department of Taxes*, available from <http://tax.vermont.gov/business-and-corp/nonprofit-and-exempt-organizations>, accessed Nov. 18, 2015.

³³"Corporation Income Tax," *Virginia Department of Taxation*, available from <http://www.tax.virginia.gov/content/corporate-income-tax>, accessed Nov. 19, 2015.

³⁴"General Information," *Wisconsin Department of Revenue*, available from <https://www.revenue.wi.gov/faqs/ise/crpginfo.html#corp4>, accessed Nov. 19, 2015.

³⁵"Renewal Application for Real Property Tax Exemption," *New York State Department of Taxation & Finance*, available from https://www.tax.ny.gov/pdf/current_forms/orpts/rp420ab1_fill_in.pdf, accessed Nov. 23, 2015.

on the property.³⁶

Washington

Nonprofit organizations (except cemeteries) must file an annual renewal application certifying that the use and exempt status of real and personal property has not changed. The Department of Revenue must mail the renewal application by January 1 and it must be returned by March 31. If the application is not filed by March 31, the Department of Revenue will mail a second notice. No response after the second notice results in removal of the exemption.³⁷An application filed late is also subject to a fee of \$10 per month.³⁸

California

California does not require annual filing, but a tax-exempt organization is required to file Form [BOE-278](#) at the request of the Board of Equalization to ensure the organization continues to qualify.³⁹

No Annual Filing Requirement

Maryland⁴⁰ and South Carolina⁴¹ do not require an annual filing to retain the property tax exemption.

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³⁶["Property Tax Exemptions: Standards of Practice,"](#) *Utah State Tax Commission*, p. 24.

³⁷["Chapter 458-16-110,"](#) Washington Administrative Code.

³⁸["Nonprofit Organizations,"](#) *Washington State Department of Revenue*, p. 2.

³⁹"Property Tax Payment & Relief - Welfare or Veterans' Organization Exemptions - Frequently Asked Questions," California State Board of Equalization, available from <http://www.boe.ca.gov/proptaxes/faqs/welfarevetsfaqs.htm#9>, accessed Nov. 18, 2015.

⁴⁰"For Religious, Charitable, Fraternal, Educational Organizations and All Others," *Maryland Department of Assessments & Taxation*, available from <http://www.dat.state.md.us/sdatweb/exempt.html>, accessed Nov. 18, 2015.

⁴¹"FAQ: Exempt Property," *South Carolina Department of Revenue*, available from <https://dor.sc.gov/tax/exempt-property/fag>, accessed Nov. 23, 2015.