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State AG Office Expresses Support for Required E-Filing of EO Information Returns.

Connecticut Assistant Attorney General Karen Gano has expressed support for President Obama's fiscal 2014 budget proposal to phase in the required electronic filing of Form 990, stressing that its adoption is needed for the effective oversight of charities.

M. Ruth M. Madrigal

Advisor, Office of Tax Policy

Department of the Treasury

1500 Pennsylvania Ave., NW, Room 3120

Washington, DC 20220

Re: Budget Initiative for E-Filing of IRS Form 990s and Machine-Readable Data

Dear Attorney Madrigal:

We met last February at the Columbia Law School Charities Policy conference on "Future of State Charities Regulation." In your remarks at the conference, you acknowledged the need for universal e-filing of IRS Forms 990 to enable accessibility of machine-readable data concerning tax-exempt organizations. After your remarks, we spoke briefly about the possibility and feasibility of initiating mandatory e-filing of 990s. I was delighted to see recently that President Obama's FY 2014 budget proposes to phase in required electronic filing of the Form 990 and have the IRS release the data in a computable format in a timely manner. The proposal, coming soon after The Aspen Institute's report on "Liberating Nonprofit Sector Data for Impact," supports the findings and challenges addressed in that report.

Connecticut is leading the multistate project that, in effect, constitutes the corresponding liberation of the wealth of additional valuable data about nonprofit organizations — in addition to data collected on the Forms 990 — that is collected by the states through state charities registrations. Forty states require nonprofits and their professional fundraisers to register with the state under disparate state-specific and mostly paper-based systems. Most of that data is not available in electronic and searchable format. Even when it is, it can be accessed only through state-specific websites. Missouri Assistant Attorney General Bob Carlson and I are chairing a pilot project with twelve states to develop and launch a single, unified electronic state charities registration website that will make all states' charities registration data universally available and computable.

We anticipate that the unified state charities registration system will be interfaced with the IRS's electronic 990 filing system for maximum efficiency, in a manner similar to Hawaii's current

electronic state registration system. Our plan is to launch the website in 2014-2015 and we anticipate that all forty registration states will enable registration on the unified website within five to ten years of launch. All state attorneys general, and also seventeen secretaries of state or heads of other state charities registration agencies, have a direct interest in unified electronic state charities registration and required e-filing of IRS Forms 990 as part of their oversight responsibilities for protecting charitable assets and charitable solicitations in their respective states.

I have discussed President Obama's budget proposal to phase in mandatory e-filing of Forms 990, and your comments from our conversation in February about the importance of such an initiative, with our Deputy Attorney General, Nora Dannehy. She agrees that the budget proposal for e-filing of 990s is a critical and necessary step for effective oversight and policy ability of the states to effectively carry out our charities oversight responsibilities. In addition, the correspondence of required e-filing for 990s with the initiation of unified electronic state charities registration will render significant efficiencies and cost savings for nonprofits in complying with state and federal regulatory requirements.

If our Office can provide additional information or facilitate the efforts to initiate required e-filing of 990s, please contact us.

Yours truly,

Karen Gano

Assistant Attorney General

State of Connecticut

Hartford, CT