

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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<b>Action:</b>	Do Pass and Be Placed on the Consent Calendar
<b>Vote:</b>	8 - 0 - 0
<b>Yeas:</b>	Berger, Edwards C., Garrard, Gelser, Jenson, Nolan, Read, Roblan
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Jerry Watson, Administrator
<b>Meeting Dates:</b>	2/2, 3/2

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**WHAT THE MEASURE DOES:** Allows Secretary of State to waive requirement that administratively dissolved nonprofit corporation apply for reinstatement within five years from date of dissolution.

**ISSUES DISCUSSED:**

- Reason for initially establishing five-year reinstatement period
- Internal Revenue Service requirements for nonprofit corporations
- Revenue impact

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Currently, Oregon Corporations, including nonprofit corporations, must file annual reports with the State of Oregon. If filing requirements are not met, a nonprofit corporation may be administratively dissolved by the Secretary of State (SOS). Oregon law allows an administratively dissolved nonprofit corporation five years to request reinstatement. Reinstatement nullifies the administrative dissolution retroactively, as if the dissolution never happened. Nonprofit corporations who do not seek reinstatement within five years, cannot be reinstated. The five-year reinstatement requirement was added in 1995. Up to 1995, reinstatement was not limited. The SOS sought the five-year reinstatement period to prevent the reinstatement of old, inactive Oregon corporations being reinstated for the purpose of marketing those entities.

Proponents assert that many nonprofit corporations are relatively small, run by volunteers, experience frequent turnover of officers and that new officers are sometimes not aware of annual filing requirements. Recent changes in federal tax law now require most small nonprofits to file annual tax reports with the Internal Revenue Service. Proponents assert that this has caused many nonprofits to discover that their corporate status was dissolved more than five years ago, and that concerns have been raised about the status of tax-exempt donations received by such corporations, as well as the control and transfer of assets belonging to the nonprofit corporation.

This proposal allows the SOS to waive the requirement that administratively dissolved nonprofit corporation apply for reinstatement within five years from date of dissolution. Proponents assert that the concerns listed above would be eliminated through reinstatement.