

FAITH & FREEDOM INDEX

— A PROJECT OF NAPA LEGAL —

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INTRODUCTION

With Gratitude

Before embarking on what, in some instances, may be a criticism of our nation's current laws, we want to express our gratitude for the freedoms we enjoy in the United States.

All the laws, regulations, and ordinances evaluated in the Index are publicly available. Anyone can read the laws of the United States and hold citizens and political leaders accountable to these laws. While every human person is entitled to know and understand the laws by which his or her political community is governed, in fact, in the course of history, few have had the resources or interest to fully enjoy this right.

We are thankful for the opportunity to know what the law is, make judgments about what the law could or should be, and communicate our work without fear of reprisal.

We are also thankful for all those who value and pursue civic engagement, including those who do not share our vision of the good. Together, we balance and motivate each other to work with greater diligence and excellence in the stewardship of our freedoms.


A Note on Our Perspective

The Index is written specifically from the perspective of faith-based nonprofit corporations with tax-exempt status under Internal Revenue Code § 501(c)(3).

For other types of religious organizations, such as religious orders, integrated auxiliaries, faith-based for-profits or social enterprises, and churches, many factors in the Index will be relevant as well. However, to the extent a state law treats faith-based 501(c)(3) nonprofits differently than these other types of religious organizations, the Index analysis will remain focused on faith-based 501(c)(3) nonprofits.

Acknowledgments

The Faith and Freedom Index is the result of nearly-endless work by our staff, volunteers, and supporters. Napa Legal is particularly grateful to our President, General Counsel, and Co-Founder, John C. Peiffer II whose vision and expertise were vital in the development of this groundbreaking project. We also thank our 2022 Legal Fellow, Leo O'Malley, an outstanding legal scholar whose tireless efforts were crucial to the foundation of this project. Finally, Napa Legal wishes to recognize the significant contributions of our present and past team members: Josh Holdenried, Frank DeVito, Clara Johsens, Anthony Falcone, and Mary Margaret Beecher.



“Let us not grow tired of
doing good, for in due time
we will reap our harvest, if we
do not give up.” Gal. 6:9

METHODOLOGY

Why a State Index?

The Faith and Freedom Index scores state laws that affect faith-based, federally tax-exempt nonprofits. State scores are based on consistent benchmarks, and, therefore, the underlying state laws can be compared. The benchmarks measure each state's "friendliness" to religious freedom and regulatory freedom for nonprofits. This Index is similar to popular surveys ranking states that are the most business-friendly, the best for retirement, or the best for raising a family.

We focus on state laws because we live in a federalist system, which means there are several layers of government: federal, state, and local. Religious and regulatory freedom protections are only as strong as the weakest link in these layers of protection. Accordingly, the importance of understanding and monitoring state and local legal protections, remedies, and encroachments on religious freedom cannot be overstated. [1]

In many ways, federal law lends itself more easily to study than state law. A monolithic, one-stop shop for issues such as free exercise analysis, employment practices, and burdens of proof is often more straightforward than their fragmented counterparts in state laws. Nevertheless, state law must be studied, state law protections and remedies must be pursued and developed, and state and local level encroachments must be identified and resolved. [2]

Why the Faith & Freedom Index?

The Categories

The Index includes two distinct categories: Religious Freedom and Regulatory Freedom.

The Factors

Within these categories, the Index evaluates fourteen factors in the areas of state law that most affect religious nonprofits. Factors are computed according to standardized criteria. Factor scores are combined, using a weighted average, and converted to percentages to yield each state's Religious Freedom, Regulatory Freedom, and Overall scores.

[1] *The Equality Act: How Could Sexual Orientation and Gender Identity (SOGI) Laws Affect You?*, Heritage Found., <https://www.heritage.org/gender/heritage-explains/the-equality-act>.

[2] Christopher C. Lund, *Religious Liberty after Gonzales: A Look at State RFRA's*, 55 S.D. L. Rev. 466, 467 (2010) Available at: <https://digitalcommons.wayne.edu/lawfrip/413> ("Most religious liberty disputes arise over state and local laws, where *Gonzales* does not apply. This limit on *Gonzales*'s reach cannot be overstated. Being exempt from federal laws hardly matters if you can still be prosecuted for the same act under state or local ones. So for *Gonzales* to really mean anything, state and local governments must also choose to protect religious observance within their borders.").

Category I: Religious Freedom

The Religious Freedom category includes the following six factors:

- State Constitutional Protection of Free Exercise
- State Religious Freedom Restoration Act
- Religious Freedom for Nonprofits with Public Programming
- Religious Freedom for Faith-Based Employers
- Protections for Religious Exercise During a State of Emergency
- State Blaine Amendments

Category II: Regulatory Freedom

The Regulatory Freedom Category includes the following eight factors:

- Corporate Law Factors
 - Nonprofit Religious Corporation Law
 - Standards of Conduct for Directors
 - Charitable Fundraising Factors
 - Charitable Registration Law
 - Audit Requirements Pursuant to Charitable Registration
 - Tax Law Factors
 - Corporate Income Tax and Exemptions
 - Sales and Use Tax and Exemptions – Nonprofit Sales
 - Sales and Use Tax and Exemptions – Nonprofit Purchases
 - Property Tax and Exemptions
-

How are Factor Scores Assigned?

Factor scores range from + 5 to – 5. Note that not every score variation is utilized for all factors.

- A (+ 5) represents a state policy that substantially supports the contributions of faith-based nonprofits.
- A (+ 3) represents a policy or requirement that supports religious freedom or regulatory freedom for faith-based nonprofits but does not go as far as it could in supporting religion.
- A (+1) represents a policy that supports religious freedom or regulatory freedom for nonprofits more than the neutral score, but does not go as far as laws warranting a +3 score in supporting religion.
- Generally, (0) represents a neutral policy that neither facilitates nor inhibits religious freedom and nonprofit operations. [3]
- A (– 1) represents a policy that burdens religious freedom or regulatory freedom for nonprofits more than the neutral score, but does not go as far as laws warranting a –3 score in burdening religion.
- A (– 3) represents a policy or requirement that burdens religious freedom or regulatory freedom for faith-based nonprofits but does not go as far as it could in burdening religion.
- A (– 5) represents a state policy that substantially burdens religious freedom or regulatory freedom for faith-based nonprofits.

How are Category and Overall Scores Weighted and Computed?

State category scores for Religious Freedom and Regulatory Freedom are the weighted average of the factor scores within each category. The State Overall Score is the weighted average of all fourteen factor scores together.

Weights are assigned based on the relative importance of each factor. The highest weights are assigned to factors that are crucial to a nonprofit's ability to operate in accordance with its religious beliefs in a particular state. For example, the freedom to consider the faith commitment of current and potential employees in employment matters is critical to a faith-based nonprofit's ability to live out its mission. Accordingly, this factor receives a significant weight. Lower weights are assigned to factors that meaningfully impact the operations of a faith-based nonprofit but that are not ultimately determinative of whether a faith-based nonprofit can successfully pursue its religious mission in the state.

[3] However, for certain factors, such as the Religious Freedom Restoration Act, 0 is not a meaningful score. This is because such factors lend themselves to binary analysis—a RFRA is either there in some form or it's not—and thus the absence of a RFRA cannot be said to represent an objectively neutral approach towards religion or nonprofit operations.

For example, state income tax exemptions facilitate the work of faith-based nonprofits and enable the nonprofit to devote financial and administrative resources to mission-focused work. Ultimately, however, the presence or absence of state income tax exemption is not determinative of whether a faith-based organization can operate in a state. Scores are converted to simple percentages using a formula dividing the points received by the points possible for each factor.

FACTOR (A grey background indicates religious freedom factors; white indicates regulatory freedom factors)	WEIGHT
State Constitutional Protection of Free Exercise	17.5
Nonprofit Religious Corporation Act	
State Religious Freedom Restoration Act	15
Religious Freedom for Nonprofits with Public Programming	13
Religious Freedom for Faith-Based Employers	13
Standards of Conduct for Directors of Religious Organizations	12
Charitable Registration Law	7.5
Protections for Religious Exercise in State of Emergency	6
Corporate Income Tax	4
Sales and Use Tax, Sales	2.5
Sales and Use Tax, Purchases	2.5
Blaine Amendment	1.5
Audit Requirements Pursuant to Charitable Registration	1.5
Property Tax	1.5
TOTAL:	100 [4]

[4] Overall Score Formula:
$$=(17.5 * \text{State Constitution Score} + 13 * \text{RFRA Score} + 13 * \text{Public Accommodation Score} + 12 * \text{Religious Freedom for Employers} + 4 * \text{Protections for Religious Worship} + 1.5 * \text{Blaine Amendments} + 15 * \text{Religious Corporation Act} + 7.5 * \text{Protection for Reliance on Religious Guidance in Governance} + 6 * \text{Charitable Registration} + 2.5 * \text{Corporate Income Tax} + 2.5 * \text{Sales and Use Tax - Sales} + 2.5 * \text{Sales and Use Tax - Purchases} + 1.5 * \text{Audit Requirements} + 1.5 * \text{State Property Tax}) / (\text{total points of } 100).$$

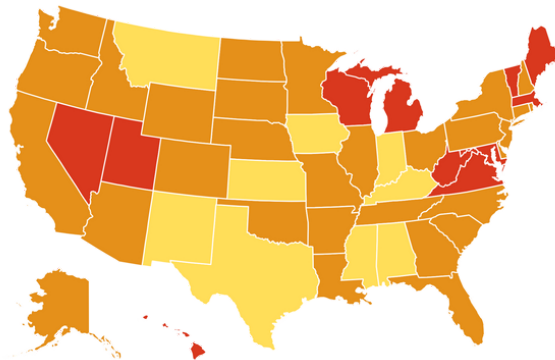
What do the Map Colors Mean?

Each state's color is based on the state's scores.

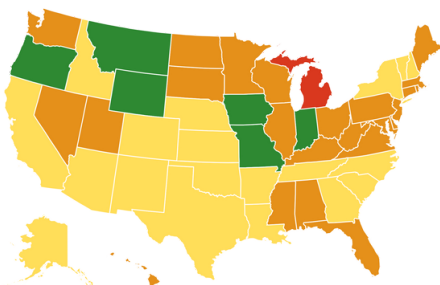
PERCENTAGE SCORE	COLOR
Greater than or equal to 0%, less than or equal to 20%	Dark Red
Greater than 20%, less than or equal to 40%	Red
Greater than 40%, less than or equal to 60%	Orange
Greater than 60%, less than or equal to 80%	Yellow
Greater than 80%, less than or equal to 100%	Green

Users may toggle in between maps of the Religious Freedom and Regulatory Freedom Category scores as well as the Overall scores.

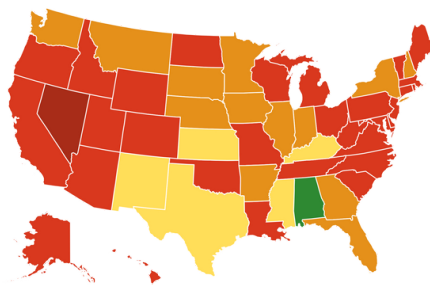
OVERALL



REGULATORY FREEDOM



RELIGIOUS FREEDOM



Ongoing Maintenance

Napa Legal regularly updates the Index to incorporate state policy changes. However, due to resource constraints, updates may not be implemented immediately after changes in state policy.

A Note on Cultural and Other Considerations:

The purpose of the Index is to objectively evaluate the each state's current laws. Accordingly, this edition of the Index focuses on laws only and does not include scores based on state cultural or even administrative policy positions.

Even in states with cultures friendly to religious organizations, it is worthwhile to identify areas where there is room to improve the states' friendliness to faith-based organizations by passing more favorable laws. Government administrations change rapidly, so it is important that administrations friendly to religious organizations focus not just on policies but also laws to better protect religious organizations in the long-term. Additionally, good laws also protect religious organizations in hostile government environments. For example, although California's current administration is not generally favorable to religion, California nonprofit religious corporations continue to enjoy legal protections such as exemption from state charitable registration requirements and greater autonomy in internal affairs than secular nonprofits.

Napa Legal will address these cultural questions surrounding religious liberty in future content, but such considerations go beyond the scope of this Index.

Nevertheless, it is important to remember that the political culture of a state has a real effect on religious organizations. A state with government leaders friendly to religious liberty may choose not to enforce laws on the books that are harmful to religious organizations. Conversely, a state with government leaders hostile to religious liberty may target unfairly religious organizations, even if that state's laws are generally friendly to religious organizations. Therefore, while the Index provides an important and previously unexplored analysis, the Index alone provides just some of the elements that form a state's overall religious liberty landscape. Therefore, while the Index provides an important and previously unexplored analysis, the Index alone provides just some of the elements that form a state's overall religious liberty landscape.

To Learn More

To learn more about the state laws evaluated in the Index and to access the research behind the scores, visit Napa Legal's Multi-State Matrix, which provides comprehensive analysis and statutory citations of state laws that impact faith-based nonprofits.

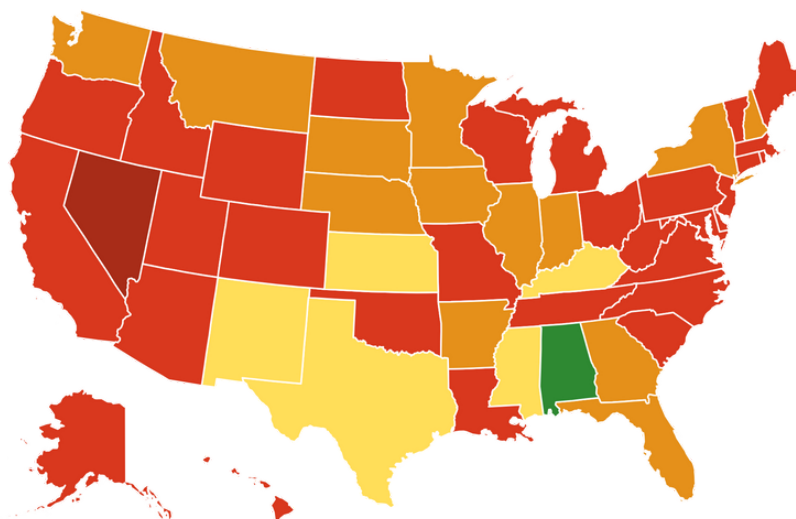
Concluding Notes

Before evaluating the Index, please review the factor scoring benchmarks below.

We welcome comments on appropriate revisions from interested parties. As always, we remind nonprofit leaders to consult a professional before making legal decisions.



RELIGIOUS FREEDOM CATEGORY



The Religious Freedom category answers the question: “Does this state advance or inhibit religious freedom?”

Whether due to historical or present-day prejudices against religion, or to legal oversights that fail to protect religious organizations, laws that limit the freedom of faith-based organizations pose continued threats. State laws that protect religious freedom and affirm the contributions made by religious organizations promote the common good.

The Index seeks to account both for laws that properly protect and laws that improperly burden faith-based organizations, to hold states accountable for their (in)actions, to assist nonprofit leaders in understanding the legal landscape in their states of operations, and to promote the common good through laws that protect religious freedom.

This category includes the following factors:

State Constitutional Protection of Free Exercise.....	11
State Religious Freedom Restoration Act.....	13
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Protections for Religious Exercise During a State of Emergency.....	20
State Blaine Amendment.....	22

STATE CONSTITUTIONAL PROTECTION OF FREE EXERCISE

What this Factor Means

The State Constitutional Protection of Free Exercise factor evaluates the strength of state constitutional religious freedom protections, particularly protections against threats from government action.

These protections can come through the constitutional text itself or through a state supreme court's interpretation of its state constitution. [5]

A state constitution can provide stronger religious freedom protections than the First Amendment of the United States Constitution. [6] Note that First Amendment religious freedom protections include the text of the First Amendment itself, as well as protections of Supreme Court precedent in decisions such as *Employment Division v. Smith* and *Fulton v. City of Philadelphia*. States that exceed the minimum level of protection required by the First Amendment, as incorporated to the states, receive the highest scores for this factor.

Commentary on Scoring

The Index will score an explicit state constitutional protection higher than a state judicial opinion. Textual state constitutional provisions that explicitly provide for greater religious freedom protections than the First Amendment inherently guard against judicial activism, because state courts cannot easily lessen the protection through their decisions. Such provisions also demonstrate a state's commitment to freedom of religious belief, public witness, and worship. State supreme court decisions play an important role in state constitutional developments. [7] However, such decisions are often susceptible to change as the composition of a state's supreme court changes over time.

[5] State court constitutional decisions provide an independent source of protection for religious freedom. State court decisions based on the state constitutional grounds are generally shielded from review by the United States Supreme Court.

[6] David Schultz, *State Constitutional Provisions on Expressive Rights*, First Amend. Encyclopedia, <https://www.mtsu.edu/first-amendment/article/874/state-constitutional-provisions-on-expressive-rights> (last updated September, 2017).

[7] See Paul B. Linton, Religious Freedom Claims and Defenses under State Constitutions, 7 U. St. Thomas J.L. & Pub. Pol'y 103 (2013).

Understanding the Score

- Most Positive (+ 5): State constitutions that, in the constitutional text itself, provide stronger protections for religious free exercise or worship than the federal First Amendment, as incorporated. [8] States that receive this highest score include Texas and Alabama.
 - Positive (+ 3): State constitutions that have been interpreted by the state's supreme court to provide stronger protections for religious free exercise or worship than the First Amendment. States that receive this moderately positive score include Michigan, Wisconsin, Alabama, Washington, Massachusetts, New Hampshire, Nebraska, Ohio, and Minnesota.
 - Neutral (0): State constitutions that "lockstep" follow the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment. [9] All states not mentioned above currently fall into this category.
 - Negative (– 3): State constitutions that contain no explicit protection for religious freedom. Currently, no states receive this score.
 - Most Negative (– 5): State constitutions that contain no explicit protection for religious freedom and seeks to condemn or quarantine religion. Currently, no state has received this score.
-

[8] For an example of a score of 5, see Texas.

[9] This includes protections both from the text itself and from judicial interpretation of the text.

STATE RELIGIOUS FREEDOM RESTORATION ACT

What this Factor Means

A state Religious Freedom Restoration Act (RFRA) is a law or constitutional amendment that protects religious freedom when the government seeks to pass a general law that would burden religious freedom. RFRA's require that the government prove that the burdensome law furthers a compelling government interest and that there is no way to further that interest that would be less burdensome to religious freedom.

RFRA's benefit faith-based organizations and religious freedom because these laws make it more difficult for the government to burden religious exercise. The presence or absence of a state RFRA is one of the most important religious freedom protections for a faith-based nonprofit. [10]

The History of RFRA

Following the Supreme Court's highly controversial *Employment Division of Oregon v. Smith* decision, which held that neutral laws of general applicability could burden religious belief and exercise, Congress passed the federal Religious Freedom Restoration Act (RFRA). [11] In RFRA, Congress sought to ensure that a state or federal law could only burden religious free exercise if the law satisfied an analysis akin to strict scrutiny. [12] However, in *City of Boerne v. Flores*, the Supreme Court invalidated the federal RFRA as applied to the states. Thus, a state government can restrict religious free exercise under the more permissive *Smith* framework. In response, certain states have enacted their own RFRA's. By doing so, these states have voluntarily limited their state governments' abilities to exercise power over religious activity. [13]

[10] Christopher C. Lund, Religious Liberty after Gonzales: A Look at State RFRA's, 55 S.D. L. Rev. 466, 467 (2010) Available at: <https://digitalcommons.wayne.edu/lawfrp/413> (Most religious liberty disputes arise over state and local laws...).

[11] 494 U.S. 872, 879 (1990).

[12] For an analysis of the federal RFRA, see Stephanie H. Barclay & Mark L. Rienzi, Constitutional Anomalies or As-Applied Challenges? A Defense of Religious Exemptions, 59 B.C.L.Rev. 1595 (2018) Available at <https://lawdigitalcommons.bc.edu/bclr/vol59/iss5/3>.

[13] Lund, Religious Liberty after Gonzales, *supra* note 8 at 474 ("This reinforces a key and often overlooked point. *Smith* and *Boerne* together mean that we live today in a multiple-exemption regime. Religious observers will need to win exemptions from all the legal regimes that bind them—from federal laws, from state laws, and from local laws. They must wage battles in every political sphere simultaneously and they must win each one. If they fail anywhere, they fail completely. 5 8 For in our system of multiple sovereigns, being protected from one governmental entity offers no immunity from any other. So while the federal RFRA is necessary for the protection of religious liberty, it is not sufficient. States must also choose to accommodate religious freedom within their respective spheres.").

Commentary on Scoring

Our analysis of this factor centers on: (a) whether a state has adopted a RFRA, and, if so, (b) the relative strength of the statute.

Recently, Congress has attempted to pass a federal Equality Act, which would enshrine protections for gender identity and sexual identity into the Civil Rights Act of 1964. Unfortunately, this legislation, if enacted, would significantly undermine federal RFRA protections and potentially force religious organizations to violate their deeply-held religious beliefs in numerous areas. [14] Certain states have enacted similar provisions in their nondiscrimination laws. In a state without state RFRA protections, the addition of Equality-Act-style laws can pose a significant danger to organizations with religious beliefs related to the nature of marriage and the human person. Consequently, a state with nondiscrimination laws similar to the federal Equality Act and no state RFRA will receive the lowest score of -5.

Future versions of the RFRA factor may expand the scoring criteria to evaluate the availability of recovery of attorneys' fees and the types of relief available under the statute, [15] to evaluate state court decisions interpreting the applicable state RFRA, [16] and to incorporate any administrative burdens or processes that claimants must fulfill before suing under a state RFRA. [17]

Case Study

An independent faith-based school in the Chicago suburbs sought to meet and hold for religious education at a 3-acre property originally zoned residential. The school applied to the county for a conditional use permit to accommodate students and worshippers at the property. The county, after numerous delays, excuses, and even comments skeptical of the school's faith, denied the application without explanation, even though the school offered to modify its plans as needed to fit the county's requirements. Under the Illinois Religious Freedom Restoration Act, the school's desired religious activities were protected, requiring the government to satisfy the most rigorous legal standards in defending its denial of the permit. Because of the protections in the RFRA, the law requires the county to demonstrate that it had a compelling reason for its conduct toward the school. [18] In a state without a RFRA, the school may not have had any resource for the county's arbitrary interference with the school's religious activities.

[14] *The Equality Act: How Could Sexual Orientation and Gender Identity (SOGI) Laws Affect You?*, Heritage Found., <https://www.heritage.org/gender/heritage-explains/the-equality-act>.

[15] See Lund, *Religious Liberty after Gonzales: A Look at State RFRAs*, *supra* note 8 at 478.

[16] See *id.* at 486.

[17] See *id.* at 490.

[18] Fact pattern adapted from *Irshad Learning Ctr v. Cnty. of Dupage*, 937 F. Supp. 2d 910 (N.D. Ill. 2013).

Understanding the Score

- Most Positive (+ 5): State has enacted a constitutional amendment that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Currently only Alabama receives this score.
 - Positive (+ 3): State has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, these statutory RFRA's do not receive the highest score for this factor.
 - Slightly Positive (+ 1): State has enacted a RFRA that is limited in application or requires government burdens on religious exercise to satisfy a standard less than strict scrutiny. Currently only Indiana and Pennsylvania receive this score.
 - Negative (– 3): State has not enacted a RFRA.
 - Most Negative (– 5): State has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.
-

RELIGIOUS FREEDOM FOR NONPROFITS WITH PUBLIC PROGRAMMING

What this Factor Means

States protect civil rights by requiring places of public accommodation to “serve all comers” without respect to certain protected characteristics. [19] However, recently, laws have been enacted that impose restrictions on the religious freedom of nonprofits that serve the public. Such laws threaten to exclude faith-based institutions from the marketplace of charitable services and limit vulnerable populations’ access to needed services. [20] Faith-based organizations must be free to manage their internal affairs in accordance with their sincerely-held religious beliefs and in ways that further their religious mission. The church autonomy doctrine, based on an application of the First Amendment of the United States Constitution, outlines our country’s protections for this freedom. [21] This applies both to decisions to provide programming only, or mostly, to co-religionists, as well as a religious organization’s prudential decisions to serve a population that includes non-co-religionists. [22] In both cases, the fundamental First Amendment principle at play is that the government does not have oversight of the internal affairs of religious institutions.

Note that the Index will use the term “nondiscrimination laws” in the modern colloquial sense, which includes both civil rights laws protecting against discrimination on the basis of race, ethnicity, etc., as well as modern laws that treat sexual expressions, such as sexual orientation and gender identity, as protected classes. However, this use of the term is for ease of readership only; as many esteemed scholars have noted, the colloquial sense of the term inappropriately conflates sexual expression with protected characteristics. [23] The inclusion of the latter in the use of the term “nondiscrimination laws” is not an endorsement of the propriety of such laws. The term is used for convenience because this is how it is generally defined in current state laws and popular commentary.

This factor measures:

- Whether state laws limit the religious freedom of nonprofits that serve the public; and
- Availability of religious exemptions.

[19] Jamie Reinalh, LGBTQIA+ Public Accommodation Cases: The Battle Between Religious Freedom and Civil Rights, 90 Fordham L. Rev. 261 (2021).

[20] See Fulton v. City of Philadelphia, 593 US __ (2021) (nondiscrimination law could have resulted in the removal of a longstanding religious adoption organization from a city foster program).

[21] Carl H. Esbeck, *An Extended Essay on Church Autonomy*, 22 The Federalist Society Review 244, 248 (2021).

[22] See e.g., Luke 10:25-37.

[23] Ryan T. Anderson, *On the Basis of Identity: Redefining ‘Sex’ in Civil Rights Law and Faulty Accounts of ‘Discrimination,’* Harvard Journal of Law and Public Policy, Vol. 43, No. 2, 2020 (April 1, 2020).

Case Study

A faith-based foster care agency facilitates the placement of children in stable homes. [24] The foster care agency seeks to model the Kingdom of God by honoring the dignity of each person at the agency, including staff, volunteers, and children served. The foster care agency holds the religious belief that human dignity is best honored when children are raised by a married mother and father. Accordingly, the agency seeks to provide its services in a manner that honors these beliefs by placing its children in homes with a married mother and father. The applicable state public accommodation law will carry significant weight in establishing whether the organization is able to provide its foster care services in a manner consistent with these sincerely-held religious beliefs.

Of course, if the applicable state law jeopardizes the organization's religious freedom, the organization may challenge the constitutionality of that law. In such circumstances, state law protections for religious freedom, particularly the presence or absence of a state religious freedom restoration act, will also play a crucial role in determining the organization's ability to exercise its religious freedom and operate in accordance with its beliefs.

Commentary on Scoring

This version of the Index focuses on state-level public accommodation laws. Future editions of the Index may also incorporate municipal ordinances to the same effect.

Understanding the Score

- Most Positive (+ 5): State has no nondiscrimination laws related to public programming and facilities OR state nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide strong accommodations or exemptions.²⁰
- Positive (+ 3): State nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide accommodations or exemptions for the vast majority of religious organizations.
- Negative (– 3): State nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide accommodations or exemptions but only for only a narrow spectrum of religious organizations.
- Most Negative (– 5): State nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

[24] Fact pattern adopted from Fulton, et. al. v. City of Philadelphia, 593 US ____ (2021).

RELIGIOUS FREEDOM FOR FAITH-BASED EMPLOYERS

What this Factor Means

A state with strong protections for faith-based employers facilitates freedom from government interference in religious organizations' internal affairs. [25] In particular, such states facilitate a faith-based organization's freedom to model a community of faith through the recruitment, hiring, and retention of employees committed to living in accordance with the organization's beliefs. [26] The legal roots of this freedom go back to the church autonomy doctrine, derived from the First Amendment, which articulates that freedom from the establishment of religion includes freedom from government regulation of the selection of religious leaders.

State laws sometimes restrict this freedom in significant and destructive ways. For example, state law may allow adverse action against faith-based employers who incorporate faith commitment into their hiring criteria. State law might also favor certain belief systems over others.

Note that there are federal employment laws that affect employment matters for religious organizations, regardless of which state they operate in. Additionally, there may be local employment ordinances at the municipal or county level. This factor addresses only the state employment law; federal and local employment laws have not been considered in the scoring for this factor.

Commentary on Scoring

To measure this factor, we consider whether the applicable state law affirms a faith-based organization's freedom to handle its employment matters, such as hiring, promoting, or terminating employees. This applies to all employment decisions. To earn the highest score, state law must do more than merely permit religious organizations to hire and retain only co-religionists. Rather, to earn the highest score, the state must allow religious organizations freedom in all aspects of the employment relationship between the faith-based organization and its team members (regardless of whether they are co-religionists). In both cases, the fundamental First Amendment principle at play is that the government does not have the right to oversee the internal affairs of religious institutions.

[25] Carl H. Esbeck, An Extended Essay on Church Autonomy, 22 The Federalist Society Review 244, 248 (2021).

[26] EEOC, Compliance Manual: Religious Discrimination § 12 (2021), <https://www.eeoc.gov/laws/guidance/section-12-religious-discrimination> (citing Little v. Wuerl, 929 F.2d 944, 951 (3d Cir. 1991) (discussing constitutional protections for religious individuals to "create and maintain communities comprised solely of individuals faithful to their doctrinal practices...").

Note that the scoring for this factor distinguishes between “narrow” and “broad” nondiscrimination laws. For purposes of this factor, a nondiscrimination statute is broad if it includes discrimination on the basis of sex, sexual orientation, gender identity, or any similar criteria that is likely to create conflicts with religious belief.

Because employment law is an area of concurrent jurisdiction for the local, state, and federal government, future editions of the Index may also incorporate local employment laws and regulations. [27]

Case Study

A Jewish community center seeks to build a united team committed to living in accordance with core Jewish values. Accordingly, the center has a policy that all its staff must adhere to these values during their employment at the center. The center’s ability to build a team united in these religious commitments will depend heavily on the state’s religious freedom protections for faith-based employers. If the state employment law does not contain provisions expressly honoring this freedom, the center may face legal repercussions if it enforces its policies. [28] While the center could probably prevail in litigation, in a best-case scenario, these protections would be affirmatively protected in the law without the need to endure years of litigation.

Understanding the Score

- Most Positive (+ 5): State nondiscrimination laws related to employment are narrow and provide strong accommodations or exemptions for religious organizations.
- Positive (+ 3): State nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions for the vast majority of religious organizations.
- Negative (– 3): State nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists or provide accommodations or exemptions for only a subset of religious organizations.
- Most Negative (– 5): State nondiscrimination laws related to employment include no meaningful accommodations or exemptions for religious organizations.

[27] See EEOC, Compliance Manual, n. 14 (2021) (stating that “employers and employees should note that there may be state and local laws in their jurisdiction prohibiting religious discrimination in employment, some of which may be parallel to Title VII and some of which may afford broader coverage.”).

[28] Fact pattern adapted from Leboon v. Lancaster Jewish Cmty. Ctr. Assn., 503 F.3d 217 (3d Cir. 2007). This case focused on federal employment law, but the same analysis would be relevant to analysis of state employment law.

PROTECTIONS FOR RELIGIOUS EXERCISE DURING A STATE OF EMERGENCY

What this Factor Means

The COVID-19 pandemic revealed a formerly latent threat to religious freedom. Pandemic-related emergency orders often treated religious worship as “non-essential” and restricted it more severely than secular activities designated “essential.”

Learning from this mistake, state governments have begun to amend their constitutions and enact laws protecting Americans’ right to worship during times of emergency. [29]

Our analysis of this factor is based on state constitutional provisions and statutes related to the ability of government to restrict religious exercise during a state of emergency.

Case Study

Imagine another pandemic situation similar to COVID-19. As people isolate in response to the pandemic, faith-based nonprofits serving those in need believe more than ever that they need to worship God and pray in this time of need. In states that protect religious exercise during a state of emergency, state governments properly leave church decisions—such as whether to have in-person worship, whether to impose distance requirements or attendance limits, whether to permit chanting or singing, etc.—to the religious organizations themselves. In states with fewer protections, state governments may dictate these decisions to churches in the same way they do to secular businesses, or even attempt to treat churches as “nonessential” and so impose more severe restrictions than they impose on certain secular businesses deemed “essential.”

Commentary on Scoring

State constitutional protections will be awarded higher scores than state statutory protections because: (a) constitutions have greater authority than state law and judicial interpretations, and (b) constitutions are often more difficult to amend, which makes constitutional protections even stronger.

[29] See Tandon v. Newsom, 141 S. Ct. 1294 (2021).

Understanding the Score

- Most Positive (+ 5): State has a constitutional amendment protecting religious exercise during a state of emergency.
 - Positive (+ 3): State law:
 - Provides absolute statutory protection for religious worship; or
 - Constitutionally or statutorily provides that religious worship can only be prohibited or restricted by an emergency order that applies equally to all “essential” secular entities in the jurisdiction, serves a compelling governmental interest, and is narrowly tailored.
 - Neutral (0): A state that constitutionally or statutorily provides that religious worship can only be prohibited or restricted by an emergency order that applies equally to all comparable secular entities in the jurisdiction, as required by *Tandon v. Newsom*.
 - Negative (– 3): State law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.
 - Most Negative (– 5): State law has no explicit constitutional or statutory protections for religious exercise during a time of emergency and state law explicitly characterizes religion as a non-essential activity. Currently, no state has a score of – 5.
-

STATE BLAINE AMENDMENT

What this Factor Means

A state constitutional Blaine Amendment disqualifies religious institutions from receiving generally available state financial support because of the institutions' religious identity. [30]

Anti-Catholic prejudice motivated states to enact Blaine Amendments during the late 19th century. [31] Recently, in *Espinoza and Carson*, the Supreme Court pared back these prohibitions. [32] The court noted that Blaine Amendments violate both the Free Exercise and Establishment Clauses of the First Amendment. [33]

As a result of the Supreme Court's decisions, it is currently permissible for Blaine Amendments to be applied only to programs in which the government provides direct funding or support to a religious organization. [34] However, leaving Blaine Amendments "on the books" poses a continued threat to faith-based organizations should courts narrow or overrule the current Supreme Court interpretation of these matters in the future.

To learn more about the Supreme Court's treatment of state policies restricting religious organizations from participating in generally available funding programs, see:

- *Trinity Lutheran Church of Columbia v. Comer*, addressing a state policy similar to the Blaine amendment [35] and
- *Carson v. Makin* [36], holding that the First Amendment prohibits discrimination against religious entities in a generally available government program in which funds flow to a religious entity through the free choices of third parties.

[30] See Kyle Duncan, *Secularism's Laws: State Blaine Amendments and Religious Persecution*, 72 Fordham L. Rev. 493, 493 (2003) ("State Blaine Amendments are provisions in thirty-seven state constitutions that restrict persons' and organizations' access to public benefits on religious grounds."). To learn more about Blaine Amendments, see *Institute for Justice: Answers to Frequently Asked Questions About Blaine Amendments*.

[31] *Espinoza v. Mont. Dep't of Revenue*, 140 S. Ct. 2246 (2020) (Alito, J., concurring); see also Margo A. Borders, Note, *The Future of State Blaine Amendments in Light of Trinity Lutheran: Strengthening the Nondiscrimination Argument*, 93 Notre Dame L. Rev. 2141, 2144 (2018) (citing Richard W. Garnett, *The Theology of the Blaine Amendments*, 2 First Amend. L. Rev. 45, 62 (2004) ("[The State Blaine Amendments] cannot be fully understood without reference to the irreducibly anti-Catholic ideology that inspired and sustained them.")).

[32] *Espinoza v. Mont. Dep't of Revenue*, 140 S. Ct. 2246 (2020).

[33] See Nick Reaves, *Religious Autonomy in Carson v. Makin*, Harv. J. L. & Pub. Pol'y, Per Curiam No. 18, Summer 2022.

[34] See *id.*

[35] *Trinity Lutheran Church of Columbia, Inc. v. Comer*, 137 S. Ct. 2012 (2017).

[36] *Carson v. Makin*, 2022 U.S. LEXIS 3013, No. 20-1088 (2021).

Case Study

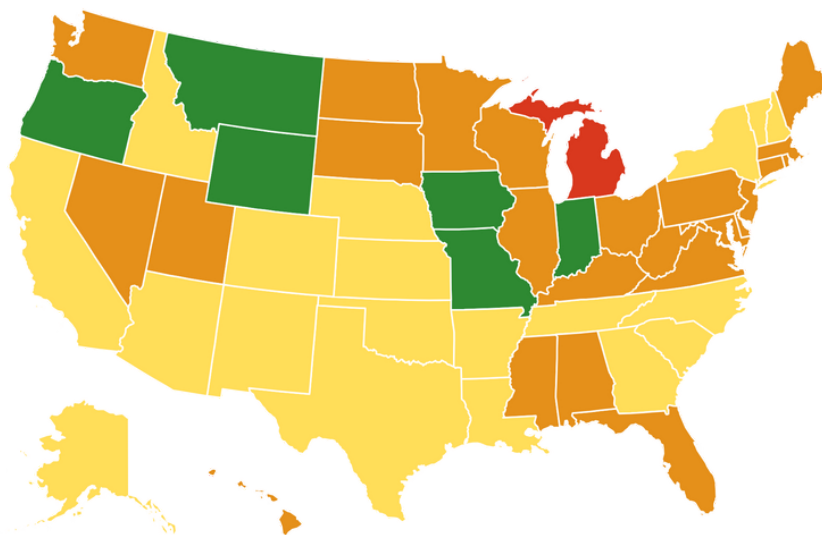
A faith-based school applies to participate in a generally-available state program granting funding to improve safety on school playgrounds. The state denies the school's application, explaining that the school is not eligible because it is a religious school. For support of this decision, the state cites a state constitutional amendment barring "aid to sectarian institutions." Under current Supreme Court precedent, the school could prevail if it challenged the state's decision in litigation. However, as seen in *Dobbs v. Jackson Women's Health Organization* Supreme Court precedent can change, and, if such changes occur, the laws "on the books" will go back into effect. [37]

Understanding the Score

- Most Positive (+ 5): State constitution does not contain a Blaine Amendment and expressly protects faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.
- Positive (+ 3): State constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.
- Negative (– 3): State constitution contains a Blaine Amendment that prevents the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current US Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.
- Most Negative (– 5): State constitution contains a Blaine Amendment that broadly restricts the ability of faith-based organizations to participate in public benefit programs on the same terms as similarly situated secular institutions. Current US Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

[37] Fact pattern adapted from *Trinity Lutheran Church of Columbia, Inc. v. Comer*, 137 S. Ct. 2012 (2017).

REGULATORY FREEDOM CATEGORY



Brigham Young University Law Professor Cole Durham has helpfully explained that the proper objective of regulations related to religious nonprofits is to facilitate, rather than control, the work of religious organizations. [38] The facilitating approach to regulation of religious nonprofits maximizes the social benefits offered by these organizations while protecting their religious freedom. [39] In contrast, a controlling approach to regulation of religious nonprofits places both the social benefit and the religious freedom of faith-based nonprofits in jeopardy. [40]

Like surveys that rank states' "business friendliness," the Regulatory Freedom category measures whether a state's treatment of faith-based nonprofits facilitates or burdens these organizations' activities.

The Regulatory Freedom category considers questions like: Do state regulations focus on deterrence and punishment of actual wrongdoing? Or do they arbitrarily burden well-meaning nonprofits with no history of noncompliance, in an overzealous attempt to prevent hypothetical future wrongdoing?

International human rights norms discourage regulating religious activity unless the regulations are actually necessary. Tracking with this international legal norm, factors in the Regulatory Freedom category may assign a state a low score simply because the state imposes unnecessary regulations, which are particularly unproductive in situations in which misconduct is already punishable under general criminal or civil laws. [41]

[38] W. Cole Durham, Jr. Legal Status of Religious Organizations: A Comparative Overview, 8 Rev. of Faith & Int'l Aff. (Issue 2) 3-14, (2010) (citing Revised Model Nonprofit Corporation Act).

[39] *Id.*

[40] *Id.*

[41] Guidelines for Review of Legislation Pertaining to Religion or Belief, OSCE/ODIHR (2004).

The Regulatory Freedom category includes the following factors:

Nonprofit Religious Corporation Law.....	26
Standards of Conduct for Directors.....	29
Charitable Registration Law.....	32
Audit Requirements Pursuant to Charitable Registration.....	34
State Corporate Income Tax.....	36
State Sales and Use Tax - Nonprofit Sales & Purchases	39
State Property Tax.....	42

NONPROFIT RELIGIOUS CORPORATION LAW

What this Factor Means

All states have nonprofit corporation laws or equivalents that allow the creation of legal entities to engage in mission-focused work. Some states also have a specific law that allows the formation of nonprofit religious corporations. [42] The presence of a state nonprofit religious corporation option for faith-based organizations is important because, of all forms surveyed, this form “appears to be easily accessible and sufficiently flexible to meet a wide array of organizational needs.” [43]

Incorporation under a nonprofit religious corporation law can provide strong protection to a faith-based organization’s religious freedom and exercise. As Professor Durham writes, “issues of organizational structure are often very significant matters of religious belief.” [44] The goal of these religious corporation laws should be to “structure laws relating to religion so as to maximize the contribution religion can make to the creation of a harmonious, stable, and productive society.” [45] The Model Nonprofit Corporation Law likewise notes the special status of faith-based nonprofit corporations. [46]

An example of the governance protection provided by nonprofit religious corporation laws is California’s Nonprofit Religious Corporation Law. This law includes provisions addressing the unique aspects of operating a faith-based organization, such as church autonomy and the involvement and leadership of clergy members.

[42] This research does not focus on state treatment of the corporation sole or the trustee corporation, which are often used by ecclesiastical organizations.

[43] W. Cole Durham, Jr., Legal Status of Religious Organizations: A Comparative Overview, 8 Rev. of Faith & Int’l Aff. (Issue 2) 3-14, (2010) (citing *Revised Model Nonprofit Corporation Act*).

[44] *Id.*

[45] *Id.*

[46] W. Cole Durham, Jr., Legal Status of Religious Organizations: A Comparative Overview, 8 Rev. of Faith & Int’l Aff. (Issue 2) 3-14, (2010) (citing *Revised Model Nonprofit Corporation Act*).

The ability to incorporate as a nonprofit religious corporation under state law is a factor that leaders should seriously consider when identifying the most prudent state in which to incorporate a new faith-based entity. “[I]f a religious group does not find a legal structure that optimally fits its needs in one state, it may organize in a state that has the preferred legal form, and then function as a non-profit entity in the state with the less attractive laws.” [47]

Although, in the absence of a nonprofit religious corporation, religious organizations can incorporate under the general nonprofit corporation law, the general nonprofit statute may not provide the optimal level of autonomy needed to manage internal affairs in accordance with the organization’s deeply held religious beliefs.

Commentary on Scoring

A score of +5 is given to states with well-developed nonprofit religious corporation laws. We define a robust religious corporation law as one that is sufficiently detailed to address most governance scenarios that may confront a religious organization. A robust religious corporation law must also account for and accommodate doctrinal matters that have a bearing on corporate governance. States that have laws deferring to religious beliefs and structures in governance matters, as well as states with some special provisions specific to the internal governance or operations of religious organizations, receive a +3 score. States that merely acknowledge the ability of a nonprofit organization to incorporate for religious purposes receive a 0, while states that do not even explicitly acknowledge the right to incorporate for religious purposes receive a -3.

[47] *Id.*

Understanding the Score

- Most Positive (+ 5): State nonprofit corporation law includes a designated law governing the formation and operations of nonprofit religious corporations and provisions to protect their right to self-government in internal affairs e. [48] California is an example of a state with a strong nonprofit religious corporation law.
 - Positive (+ 3): State nonprofit corporation law acknowledges the ability of nonprofit corporations to incorporate for religious purposes and includes provisions to protect religious nonprofits' right to self-government in internal affairs, but does not include an option to incorporate expressly as a nonprofit religious corporation.
 - Neutral (0): State nonprofit corporation law acknowledges the ability of nonprofit corporations to incorporate for religious purposes but does not include provisions to protect religious nonprofits' right to self-government in internal affairs or an option to incorporate expressly as a nonprofit religious corporation.
 - Negative (– 3): State nonprofit corporation law does not acknowledge the ability of nonprofit corporations to incorporate for religious purposes, does not include provisions to protect religious nonprofits' right to self-government in internal affairs, and does not include an option to incorporate expressly as a nonprofit religious corporation.
-

[48] Lael Weinberger, *The Limits of Church Autonomy*, April 22, 2022, Forthcoming, *Notre Dame Law Review*.

STANDARDS OF CONDUCT FOR DIRECTORS

What this Factor Means

Some state religious or nonprofit corporate laws expressly permit directors to fulfill their fiduciary duties through reasonable reliance on appropriate religious authorities. [49]

Faith-based organizations are best set up for success in states that expressly acknowledge this and put religious and civil authorities in harmony.

Commentary on Scoring

Certain states include an explicit affirmation of reliance on religious authorities similar to the example below. Since such language unequivocally permits reliance on religious authorities, it will receive a score of + 5. [50]

An officer of a religious corporation, in the discharge of a duty imposed or power conferred on the officer, may rely in good faith and with ordinary care on information or on an opinion, report, or statement, including a financial statement or other financial data, concerning the corporation or another person that was prepared or presented by:

1. A religious authority; or
2. A minister, priest, rabbi, or other person whose position or duties in the religious organization the officer believes justify reliance and confidence and whom the officer believes to be reliable and competent in the matters presented.

Other states, in both their for-profit and nonprofit corporation acts, include language similar to the example below. Such language does not directly affirm that directors may rely on guidance from religious authorities, but nevertheless arguably encompasses such guidance and thus receives a score of + 3:

[49] See, for example,) Wyo. Stat. § 17-19-842(b)(ii) (“In the case of religious corporations, religious authorities and ministers, priests, rabbis or other persons whose position or duties in the religious organization the officer believes justify reliance and confidence and whom the officer believes to be reliable and competent in the matters presented.”).

[50] Taken from Nonprofit Corporations section of the Texas Business Organizations Code. Tex. Bus. Orgs. Code Ann. § 22.222.

In discharging the duties of a director, a director may rely on information, opinions, reports, or statements, including financial statements or other financial data, if prepared or presented by:

1. One or more officers, employees, or volunteers of the nonprofit corporation whom the director reasonably believes to be reliable and competent in the functions performed or the matters presented;
2. Legal counsel, public accountants, or other persons retained by the corporation as to matters involving skills or expertise the director reasonably believes are matters:
 - a. Within the particular person's professional or expert competence; or
 - b. As to which the particular person merits confidence; or
 - c. A committee of the board of which the director is not a member, designated in accordance with provisions of the articles or bylaws, as to matters within its designated authority, if the director reasonably believes the committee merits confidence. [51]

Some states limit reliance to those entities or licensed professionals retained by the nonprofit. Since this is the narrowest possible affirmation of reliance on outside authority, and only encompasses religious authorities formally employed or retained by the corporation, states with such laws receive a score of 0. See the example below:

A director acting in reliance, in good faith, on a report made to the board of directors, or to any committee thereof, by an official of the corporation or by an appraiser selected by the board or by any committee thereof with reasonable care, or on financial statements or other records of the corporation represented as accurate by the president or other officer in charge of the corporation's books of account or of such records, or stated in a written report by independent or certified public accountants fairly to reflect the corporation's financial condition, shall not be held liable under the provisions of this section. [52]

[51] Taken from the Washington Nonprofit Corporation Act. Wash. Rev. Code § ~~24.03A~~495.

[52] La. Stat. Ann. § 12:226.

Understanding the Score

- Most Positive (+ 5): State law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.
 - Positive (+ 3): State law permits a director to, in the fulfillment of the director's fiduciary duties, rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.
 - Neutral (0): State law permits a director, in the fulfillment of the director's fiduciary duties, to rely only on the opinions of individuals retained by the corporation, and does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.
 - Negative (– 3): State law neither permits a director to, in the fulfillment of the director's fiduciary duties, rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, nor expressly allows a director to rely on guidance from religious figures within his or her faith tradition.
 - Most Negative (– 5): State law prohibits a director from relying on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties. Currently, no states receive a score of – 5.
-

CHARITABLE REGISTRATION LAW

What this Factor Means

This factor evaluates both the onerousness of state charitable registration requirements and the availability of exemptions for religious organizations.

State charitable registration requirements protect state residents who contribute to a charity. At their best, registration requirements provide healthy accountability and transparency. [53]

Unfortunately, in practice, charitable registration requirements have not kept up with the development of the internet, specifically the development of online donation functions and the ability for even the smallest organizations to solicit and collect donations across state lines.

As a result, in practice, charitable registration laws as currently written are often harmful for small faith-based nonprofits, diverting their scarce time and personnel resources to complicated filings that are disproportionate to the organization's actual activity.

Until these regulations are modernized, they are obstacles, rather than allies, for faith-based nonprofits.

Commentary on Scoring

Generally, states with limited charitable registration requirements and broad exemptions for faith-based nonprofits receive the highest scores as these approaches are more favorable for faith-based organizations.

Moderately positive scores go to states that limit the registration exemption to religious entities who “hold property solely for religious purposes” or perform certain statutorily defined charitable functions, such as education, caring for the indigent, etc. We consider such an exemption to be narrow, since it potentially excludes a significant portion of religious organizations.

A neutral score of “o” goes to states that only exempt organizations who are not required to file the IRS Form 990. This exemption typically applies only to churches, associations of churches, religious orders, or integrated auxiliaries of a church, likely excluding an even greater portion of religious organizations. This approach receives a neutral score because it provides only the minimum level of facilitation required by the U.S. Constitution.

[53] Eric Franklin Amarante, States as Laboratories for Charitable Compliance: An Empirical Study, 90 Geo. Wash. L. Rev., 445 (2022).

Case Study

A small, volunteer-run, faith-based nonprofit radio station hosts programming with reflections on religious texts, religious music, and shows discussing the intersection of faith and daily life. The station plans to broadcast an annual appeal to defray the costs of operating the station. In a state like Arizona, the station is free to do so, provided it avoids misconduct such as fraud. However, in other states, the station may need to complete an initial registration prior to holding the appeal and then file annual reports with the state every year in which a fundraising appeal will be held.

Understanding the Score

- Most Positive (+ 5): State has no nonprofit registration requirements or automatic broad exemptions for religious organizations.
- Positive (+ 3): State has nonprofit registration requirements and only narrow exemptions for religious organizations or an initial exemption application requirement for exempt organizations.
- Neutral (0): State has nonprofit registration requirements that only exempt entities that are not required to file form 990 (Churches, religious orders, etc.).
- Negative (– 3): State has nonprofit registration requirements and no exemptions applicable to religious organizations.
- Most Negative (– 5): State has burdensome nonprofit registration requirements and no exemptions applicable to religious organizations.

AUDIT REQUIREMENTS PURSUANT TO CHARITABLE REGISTRATION

What this Factor Means

Some states have a requirement, for charitable organizations that are required to register to fundraise in the state, to annually submit reviewed or audited financial statements as a condition of remaining authorized to fundraise in the state.^[54] Both reviews and audits can be expensive, with audits often costing around \$10,000 in auditor fees alone, not to mention staff and audit committee time that also must be invested. ^[55]

This means that, even if an organization's strategic plans did not include an annual audit, the organization is now "on the hook" for an annual audit if the organization needs to continue receiving donations or grants from the applicable state.

Case Study

A small religious organization with one full-time employee and several volunteers engages in a wide range of religious and charitable works: helping poor people in the neighborhood find food and housing, organizing religious pilgrimages to holy places, and generally helping those in need within the local community. The organization receives about \$50,000 per year in donations. If this organization is required to register to fundraise in a state that receives a -5 score for this factor, either because the organization is physically located there or because it solicits donations in that state, the organization will have to submit reviewed or audited financial statements. This small organization, whose work benefits the local community and whose donors support that work, may have to spend as much as 20% of its annual donations to pay for an audit.

[54] Contrast with 36 U.S.C. § 7611 treatment of church tax inquiries.

[55] In the context of financial statements, "review" and "reviewed" are technical terms. See the glossary for full definitions.

Understanding the Score

- Most Positive (+ 5): State has no review or audit requirements as a condition of maintaining authorization to fundraise in the state. States with no charitable registration requirement also fall into this classification.
 - Slightly Negative (- 1): State has review or audit requirements as a condition of maintaining authorization to fundraise in the state for organizations with annual contributions of \$1 million or more.
 - Negative (- 3): State has review or audit requirements as a condition of maintaining authorization to fundraise in the state for organizations with annual contributions of \$500,000 or more.
 - Most Negative (- 5): State has review or audit requirements as a condition of maintaining authorization to fundraise in the state, even for organizations with annual contributions less than \$500,000.
-

STATE CORPORATE INCOME TAX

What this Factor Means

For a faith-based nonprofit, corporate income tax exclusion or exemption is beneficial because it keeps the financial and operational resources of the organization focused on its religious mission.

Historically, the American tax system has considered the activities of faith-based organizations and other charitable and humanitarian efforts to be inappropriate subjects for taxation. [56] Among the many reasons for this is the fact that most faith-based 501(c)(3) organizations do not have “income” in the traditional sense. Instead, faith-based 501(c)(3)s typically receive revenue through charitable donations. Subjecting donor-funded organizations to government tariffs would deter and penalize American civic engagement that has been central since our nation’s Founding. [57]

Commentary on Scoring

Generally, states with limited charitable registration requirements and broad exemptions for faith-based nonprofits receive the highest scores as these approaches are more favorable for faith-based organizations.

Moderately positive scores go to states that limit the registration exemption to religious entities who “hold property solely for religious purposes” or perform certain statutorily defined charitable functions, such as education, caring for the indigent, etc. We consider such an exemption to be narrow, since it potentially excludes a significant portion of religious organizations.

A neutral score of “0” goes to states that only exempt organizations who are not required to file the IRS Form 990. This exemption typically applies only to churches, associations of churches, religious orders, or integrated auxiliaries of a church, likely excluding an even greater portion of religious organizations. This approach receives a neutral score because it provides only the minimum level of facilitation required by the U.S. Constitution.

[56] See *Walz v. Tax Comm’n of the City of N. Y.*, 397 U.S. 664, 673 (1970) (noting state determinations that “certain entities that exist in a harmonious relationship to the community at large, and that foster its moral or mental improvement, should not be inhibited in their activities by property taxation or the hazard of loss of those properties for nonpayment of taxes.”).

[57] Alexis de Tocqueville, *Democracy in America* 594 (1840) (“In the United States, there is no limit to the inventiveness of man to discover ways of increasing wealth and to satisfy the public’s needs. The most enlightened inhabitants of each district constantly use their knowledge to make new discoveries to increase the general prosperity, which, when made, they pass eagerly to the mass of the people”); *Id.* at 596 (“Americans group together to hold fêtes, found seminaries, build inns, construct churches, distribute books, dispatch missionaries to the antipodes. They establish hospitals, prisons, schools by the same method. Finally, if they wish to highlight a truth or develop an opinion by the encouragement of a great example, they form an association.”).

A Deeper Look at this Factor

Corporate income tax factor scorings intentionally exclude the state's tax treatment of unrelated business activity. This approach keeps the score focused on faith-related activities. Information about state treatment of unrelated business activity is available in the Multi-State Matrix.

Corporate income tax factor scores do not currently incorporate the specific rate of taxation in jurisdictions that do not exempt religious 501(c)(3) organizations. Currently, all jurisdictions except one have corporate income tax exemptions of some form for religious 501(c)(3)s. Accordingly, the corporate income tax rate would not have a net impact on the ranking unless it was to provide an approximate valuation of the exemption or exclusion, which is outside the scope of the Index's intended purpose.

Some states impose franchise taxes in addition to or in lieu of state corporate income tax. [58] Because the overall net effect is neutral, franchise taxes are intentionally excluded from scoring in this initial edition of the Index. Under current state tax laws, the impact of franchise taxes on faith-based organizations overall is neutral because even the highest franchise tax rate is less than 1%, and most states exempt nonprofits from the franchise or privilege tax.

Some states impose gross receipts taxes in addition to or in lieu of state corporate income tax and/or state franchise tax. [59] Nevertheless, this edition of the Index intentionally excludes gross receipts taxes from computation of tax scores. With the exception of Washington State, all states that impose gross receipts taxes exempt 501(c)(3) organizations, so the presence or absence of a state gross receipts tax is generally neutral for faith-based 501(c)(3)s.

Finally, while state agency administrative codes are instructive on state corporate income tax regimes, the current iteration of the Index does not incorporate or score administrative code provisions. At the discretion of the publishers, the Index may include references to relevant administrative code sections.

[58] Alabama Business Privilege Tax (Ala. Code §§ 40-14A-1, 43)(Business Privilege Tax does not apply to tax-exempt corporations)); Arkansas Corporate Franchise Tax (Ark. Code Ann. § 26-54-101(b)(1)(nonprofits excluded from the definition of corporation for purposes of the tax levy)); Delaware Corporation Franchise Tax (8 Del. C. § 501)(religious corporations and organizations exempt from federal income tax under IRC 501(c)(3) are exempt corporations for purposes of the corporation franchise tax)); Georgia Corporate Net Worth Tax (O.C.G.A. §§ 48-13-71, 72)(organizations not organized for profit exempt from corporate net worth tax)); Illinois Franchise Tax (805 ILCS 5/15.35, 805 ILCS 5/1.80)(“corporation” defined as corporation incorporated under the Business Corporation Act)); Louisiana (La. Rev. Stat. § 47:601; La. Rev. Stat. § 47:608(1)(Louisiana Corporation Franchise Tax does not apply to organizations organized and operated exclusively for religious or other charitable purposes)); Massachusetts Corporation Franchise Tax (Mass. Gen. Laws ch. 63, § 39) (Massachusetts has a corporate excise tax that comprises a net income measure and either a property measure or a net worth measure. If these are less than the minimum corporate excise tax, then the minimum corporate excise tax is due); Mississippi Corporation Franchise Tax (Miss. Code § 27-13-1(g)(defining corporation as an organization for pecuniary gain)); New York Franchise Tax on Business Corporations (N.Y. Tax Law § 208, 209; 20 CRR-NY 1-3.4(b)(6)); North Carolina Franchise Tax (N.C.G.S. § 105-114, N.C.G.S. § 105-125(a)(1)(charitable and religious organizations not operated for profit are exempt from the franchise and privilege taxes)); Oklahoma Franchise Tax (68 Okla. Stat. tit. 68 § 1206 (1985)(“the requirements of the franchise tax code shall not apply to...any organization...if such organization is neither organized for profit no operated for profit”)); Oregon Corporation Excise Tax (Or. Rev. Stat. § 317.010, 317.013)(“income for purposes of corporation excise tax to be defined as IRS taxable income”); Tennessee Privilege Tax (Tenn. Code. Ann. § 67-4-2103 § (2012)(nonprofits excluded from the definition of corporation for purposes of the franchise tax); Texas (Tex. Tax Code Ann. § 171.0002(b)(4)(“taxable entity” does not include an entity that is exempt from taxation under Subchapter B, including religious nonprofits, under Tex. Tax Code Ann. § 171.058); California Franchise Tax (Cal. Rev. & Tax. Code § 23101; 23153)(“doing business” for purposes of the franchise tax refers only to transactions for the purpose of financial or pecuniary gain or profit)); District of Columbia Franchise Tax Code (D.C. Code § 47-1802.01(a)(3)(corporations organized and operated for religious and/or charitable purpose and not for private gain may be exempt from taxation if they first obtain a letter from the Mayor affirming such exemption)).

Understanding the Score

- Most Positive (+ 5): State does not have a statewide corporate income tax, or state has a statewide corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status. [60]
 - Positive (+ 3): State has a statewide corporate income tax and offers automatic exemptions only to a subset of organizations with federal 501(c)(3) exempt status. For example, the state might offer exemptions only to nonprofit organizations that carry out certain, specified purposes, such as organizations that are organized and operated to pursue a religious or educational mission.
 - Slightly Positive (+1): State has a statewide corporate income tax and offers exemptions to organizations with federal 501(c)(3) exempt status only upon application.
 - Negative (– 3): State has a statewide corporate income tax, provides no automatic exemptions, and offers only fragmented exemptions upon application. Currently, the only state with this score is Washington.
 - Most Negative (– 5): State has a statewide corporate income tax and offers no exemption for organizations with federal 501(c)(3) exempt status. Currently, no states have received a – 5.
-

[60] For an example of an automatic exemption receiving the highest score, see the Florida profile (Fla. Stat. § 220.13(h)).

STATE SALES AND USE TAX – NONPROFIT PURCHASES & SALES

What this Factor Means

States often require the sellers and purchasers of tangible personal property to pay taxes on the transactions transferring the personal property. [61] These taxes are referred to as “sales taxes,” a term which typically includes both sales tax and a complementary use tax. [62]

For faith-based 501(c)(3) organizations, the imposition of taxes on sales and purchases is detrimental because it diverts both financial and administrative resources from the organizations’ core religious and charitable work. Such organizations have an existing obligation to avoid private benefit and excessive commercial activity, so transaction taxes burden resources pledged to religious or charitable purposes, rather than impose taxes on transactions that increase private wealth. [63]

The Index includes two separate factors related to state sales and use taxes:

1. State laws governing taxes on transactions in which the nonprofit is the purchaser;
2. State laws governing taxes on transactions in which the nonprofit is the seller.

Commentary

Sales and use taxes can be confusing and burdensome to people who are trying to run a nonprofit to solve problems in their community. Without a CPA, navigating the law and the logistics of calculating and collecting sales and use tax is daunting. Sales and use tax exemptions for faith-based nonprofits are important because they empower lay people who are seeking to support a good cause. [64]

The vendor is responsible for collecting taxes on its sales. If a state gives faith-based nonprofits a sales and use tax exemption for its purchases, the nonprofit presents a license to the vendor at the time of sale to receive the benefit of the exemption.

[61] *Jimmy Swaggart Ministries v. Bd. of Equalization of California*, 493 U.S. 378, 381 (1990); Mark J. Cowan, *Nonprofits and the Sales and Use Tax*, 9 *Fl. Tax Rev.* 1077, 1103 (2010).

[62] States often impose complementary sales and use taxes. For example, a nonprofit in Utopia might sell promotional baseball hats or bumper stickers and be taxed on these sales. Of course, there is a risk that people will attempt to outsmart Utopia sales tax through out-of-state purchases in tax-free states. To prevent this, states like Utopia also impose a “use tax” on residents’ purchases of tangible personal property in tax-free or tax-favorable states.⁶² For example, “use taxes” would be imposed on an organization’s purchase of a printer and office supplies in Montana, which does not have a sales tax, for use in the organization’s offices in Georgia, which does impose sales tax.

[63] 26 U.S.C. § 501(c)(3) (2019).

[64] *Jimmy Swaggart*, 493 U.S. at 378; *Texas Monthly, Inc. v. Bullock*, 489 U.S. 1 (1989).

Scores for sales and use tax are based on three considerations: (1) presence or absence of exemptions, (2) ease of application, and (3) comprehensiveness of available exemptions.

Future editions of the Index may also take into account local sales and use tax regimes. [65]

Exemptions

States approach sales and use tax exemptions in two ways:

1. Entity-Based Exemptions. Eligibility for the entity-based exemption may be broad or narrow. For example, a narrow exemption might be offered to churches only. Generally, entity-based exemptions receive a higher score than fragmentary exemptions; within this classification, broad entity-based exemptions receive a higher score than narrow entity-based exemptions.
2. Item-Specific Exemptions. These include product-based or use-based exemptions to certain items or uses, rather than the selling or purchasing organization. [66] For example, a state might offer a sales tax exemption for food sold at a religious organization's fundraising events. One state offers a sales tax exemption for purchases of pipe organs and steeple bells, but no other exemptions.

Application

Sales and use tax exemption application processes fall into two categories:

1. automatic exemptions (usually a function of federal tax-exempt status under IRC § 501(c)(3)); and
2. exemptions available through application and approval.

Comprehensiveness

Comprehensiveness refers to whether the exemptions cover transactions in which the religious organization is the seller, transactions in which the religious organization is the buyer, or both.

[65] Mark J. Cowan, Nonprofits and the Sales and Use Tax, *supra* note 40, at 1106 (“there are not just the 46 state level jurisdictions to worry about, but also over 7,500 local jurisdictions—counties, cities, towns, school districts, etc.—that impose their own sales taxes”).

[66] Mark J. Cowan, Nonprofits and the Sales and Use Tax, *supra* note 40 at 1106.

Case Study

A faith-based summer camp has noticed that program participants and their families are interested in purchasing books and related religious educational materials that aligns with the camp's values. The camp's board of directors explores the possibility of selling religious education materials at the camp's physical location. In a state like Oregon, Alaska, or Delaware, the camp could engage in such mission-related sales without significant additional administrative or financial burdens. However, in states that received a -5 in this category, such sales would likely trigger significant tax collection, oversight, reporting, and remittance obligations.

Understanding the Score

State Sales & Use Tax - Nonprofit Sales

- Most Positive (+ 5): State has no sales or use tax, or state has a sales and use tax but provides an automatic, entity-based, comprehensive exemption for 501(c)(3) religious organizations' sales.
- Positive (+ 3): This covers two scenarios:
 - State has a sales and use tax but broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales is generally available upon application; or
 - State has a sales and use tax and provides an automatic, comprehensive, narrow entity-based exemption, with supplementary entity-based exemptions generally available upon application.
- Negative (- 3): State has a sales and use tax and only provides limited exemptions for religious organizations' sales on an item-specific basis (e.g., cataloged list of items that can be sold free of sales tax).
- Most Negative (- 5): State has a sales and use tax and provides no meaningful exemption for 501(c)(3) religious organizations' sales.

State Sales & Use Tax – Nonprofit Purchases

- Most Positive (+ 5): State has no sales or use tax, or state has a sales and use tax but provides an automatic, entity-based, comprehensive exemption for 501(c)(3) religious organizations' purchases.
- Positive (+ 3): This covers two scenarios:
 - State has a sales and use tax but broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases is generally available upon application; or
 - State has a sales and use tax and provides an automatic, comprehensive, narrow entity-based exemption, with supplementary entity-based exemptions generally available upon application.
- Negative (- 3): Fragmented Exceptions. State has a sales and use tax and only provides limited exemptions for religious organizations' purchases on an item-specific basis (e.g., cataloged list of exempt items or a cataloged list of exempt uses).
- Most Negative (- 5): State has a sales and use tax and provides no meaningful exemption for 501(c)(3) religious organizations' purchases.

STATE PROPERTY TAX

What this Factor Means

Property tax is imposed on the assessed value of real property within a state. Typically, property tax is imposed at an annual rate of 0.28% to 2.49% of the assessed value of the taxpayer's property.

As with other types of taxation, traditionally the real property of faith-based organizations and other charitable and humanitarian entities has been considered outside the category of subjects of government property taxation. [67] This exemption goes back to ancient times, with property tax exemptions for churches recorded in Sumeria, Babylon, Egypt, Persia, and Israel. [68] Why are churches and charities generally exempt from property tax? Different civilizations have answered that question differently. Under the United States Constitution, property tax on churches specifically could pose complicated First Amendment concerns, as a church that cannot afford its taxes would lose its house of worship. [69] Similarly, as described in the adage “the power to tax includes the power to destroy,” allowing the state to tax houses of worship would give the state the power to control or even destroy the exercise of religion. [70] The Supreme Court in *Walz* warned of the Establishment Clause minefield that would await any government attempt to tax value church properties or execute a tax foreclosure on a church. [71]

For nonprofit organizations that have received donations of real property, such as houses of worship or office space, property taxes can present a substantial, even unsustainable, financial burden. The money spent on such annual property tax payments could otherwise be applied to the organization's mission and programming. Organizations that expect to have extensive campuses must at least consider the scope and availability of state property tax exemptions in evaluating options for the organizations' headquarters and operating sites.

[67] See *Walz v. Tax Comm'n of the City of N. Y.*, 397 U.S. 664, 673 (1970) (noting state determinations that “certain entities that exist in a harmonious relationship to the community at large, and that foster its moral or mental improvement, should not be inhibited in their activities by property taxation or the hazard of loss of those properties for nonpayment of taxes.”).

[68] Evelyn Brody, *Property Tax-Exemption for Charities*, 173, citing Whitehead 1992, 522-45, Pfeffer 1953, 183).

[69] Brody, 178.

[70] Brody, 179.

[71] Brody, 184, citing *Walz*, 397 U.S. 674.

Understanding the Score

- Most Positive (+ 5): State has no property tax or state has property tax but provides an automatic exemption to religious organizations for property used for religious and/or charitable purposes.
 - Positive (+ 3): State has property tax but generally provides an exemption to religious organizations for property used for religious and/or charitable purposes upon application.
 - Slightly Positive (+ 1): State has property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.
 - Most Negative (– 5): State has property tax and provides no meaningful exemption to religious organizations. Currently, no state has a score of (–5)
-

JURISDICTIONAL PROFILES



Alabama

OVERALL

75%

RELIGIOUS FREEDOM

86%

REGULATORY FREEDOM

57%

Alabama ranks #1 out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the best places in which to operate a faith-based nonprofit in the United States. Alabama has several policies that facilitate the contributions of faith-based nonprofits, including strong constitutional protections for free exercise of religion, a state constitutional amendment requiring government burdens on religious exercise to satisfy strict scrutiny, and an automatic income tax exemption for organizations with federal 501(c)(3) status. Additionally, Alabama does not impose audit requirements as a condition of maintaining authorization to fundraise in the state. Alabama, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a state Blaine Amendment and an imposition of sales tax on religious organizations' sales and purchases.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Alabama

Overall Score: 75%



RELIGIOUS FREEDOM SCORE: 86%

State Constitutional Protection of Free Exercise: +5/5

The Alabama Constitution, in the constitutional text itself, provides stronger protections for religious free exercise or worship than the federal First Amendment, as incorporated.

State Religious Freedom Restoration Act: +5/5

Alabama has enacted a constitutional amendment that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny, providing one of the highest standards for religious freedom protections in the country.

Religious Freedom for Nonprofits with Public Programming: +5/5

Alabama has no nondiscrimination laws related to public programming and facilities.

Religious Freedom for Faith-Based Employers: +5/5

Alabama's nondiscrimination laws related to employment are narrow and generally would not jeopardize the autonomy of religious organizations.

Protections for Religious Exercise in State of Emergency: 0/5

Alabama law provides that religious worship can only be prohibited or restricted by an emergency order that applies equally to all comparable secular entities in the jurisdiction, as required by *Tandon v. Newsom*.

Blaine Amendment: -3/5

The Alabama Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current US Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

Last Updated: 5/11/2023



REGULATORY FREEDOM SCORE: 57%

Nonprofit Religious Corporation Act: 0/5

Alabama's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Alabama law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Alabama generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: +5/5

Alabama does not impose review or audit requirements as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

Alabama imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status. Some exempt organizations may need to fill an annual "no tax due" form.

Sales and Use Tax, Sales: -3/5

Alabama imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: -3/5

Alabama imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain items.

Property Tax: +3/5

Alabama imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Alaska

OVERALL

47%

RELIGIOUS FREEDOM

37%

REGULATORY FREEDOM

62%

Out of 51 U.S. jurisdictions, Alaska ranks #27 overall for its friendliness towards faith-based nonprofit organizations. Alaska has some policies that facilitate the contributions of faith-based nonprofits: Alaska has an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status, no audit requirements for religious organizations to solicit donations in the state, and no sales tax. Alaska, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment, no RFRA, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Alaska

Overall Score: 47%



RELIGIOUS FREEDOM SCORE: 37%

State Constitutional Protection of Free Exercise: +3/5

The Alaska Constitution has been interpreted by the Alaska Supreme Court to provide stronger protections for religious free exercise or worship than the federal First Amendment.

State Religious Freedom Restoration Act: -5/5

Alaska has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Alaska's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

Alaska's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Alaska law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The Alaska Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 62%

Nonprofit Religious Corporation Act: 0/5

Alaska's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Alaska law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: 0/5

Alaska generally requires charitable solicitation registration and only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: +5/5

Alaska does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

Alaska imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +5/5

Alaska does not impose sales or use tax.

Sales and Use Tax, Purchases: +5/5

Alaska does not impose sales or use tax.

Property Tax: +3/5

Alaska imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Arizona

OVERALL

52%

RELIGIOUS FREEDOM

37%

REGULATORY FREEDOM

77%

Out of 51 U.S. jurisdictions, Arizona ranks #17 overall for its friendliness towards faith-based nonprofit organizations. Arizona has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and strong protections for directors to rely on guidance from religious authorities. Additionally, Arizona has no charitable solicitation registration or audit requirements. Arizona, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and laws regarding public accommodations that include no meaningful religious exemptions.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Arizona

Overall Score: 52%



RELIGIOUS FREEDOM SCORE: 37%

State Constitutional Protection of Free Exercise: 0/5

The Arizona Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Arizona has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Arizona does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

Arizona's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Arizona's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: +3/5

Arizona law provides that religious worship can only be prohibited or restricted by an emergency order that: (a) applies equally to all "essential" secular entities in the jurisdiction, (b) serves a compelling governmental interest, and (c) is narrowly tailored.

Blaine Amendment: -5/5

The Arizona Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 77%

Nonprofit Religious Corporation Act: +3/5

Arizona's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Arizona law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +5/5

Arizona has no charitable solicitation registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

Arizona has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +5/5

Arizona imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +3/5

Arizona imposes a sales and use tax on religious organizations' sales but a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales is generally available upon application.

Sales and Use Tax, Purchases: -3/5

Arizona imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions.

Property Tax: +1/5

Arizona imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses, such as property used for religious worship.



Arkansas

OVERALL 58%

RELIGIOUS FREEDOM 49%

REGULATORY FREEDOM 72%

Arkansas ranks #11 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations. Arkansas has several policies that facilitate the contributions of faith-based nonprofits, including a state RFRA, strong nonprofit religious corporation laws, and strong protections for directors to rely on guidance from religious figures. Arkansas, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as restrictive laws related to public programming and facilities that provide no meaningful protections for religious organizations and a lack of meaningful exemptions from sales tax on religious organizations' sales.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Arkansas

Overall Score: 58%



RELIGIOUS FREEDOM SCORE: 49%

State Constitutional Protection of Free Exercise: 0/5

The Arkansas Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Arkansas has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Arkansas does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

Arkansas' nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

Arkansas' nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: +3/5

Arkansas law provides that religious worship can only be prohibited or restricted by an emergency order that: (a) applies equally to all "essential" secular entities in the jurisdiction, (b) serves a compelling governmental interest, and (c) is narrowly tailored.

Blaine Amendment: +3/5

The Arkansas Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 72%

Nonprofit Religious Corporation Act: +5/5

Arkansas' nonprofit corporation law includes a designated law governing the formation and operations of nonprofit religious corporations and specific provisions to protect their right to self-government in internal affairs.

Standards of Conduct for Directors of Religious Organizations: +5/5

Arkansas law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +3/5

Arkansas generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, Arkansas generally requires the submission of reviewed or audited financials for organizations with annual contributions of \$500,000 or more.

Corporate Income Tax: +1/5

Arkansas imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: -5/5

Arkansas imposes a sales and use tax on religious organizations' sales and provides no meaningful exemption.

Sales and Use Tax, Purchases: -3/5

Arkansas imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain items.

Property Tax: +3/5

Arkansas imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



California

OVERALL

46%

RELIGIOUS FREEDOM

29%

REGULATORY FREEDOM

72%

Out of 51 U.S. jurisdictions, California ranks #32 overall for its friendliness towards faith-based nonprofit organizations. California has some policies that facilitate the contributions of faith-based nonprofits, including strong protections for directors to rely on guidance from religious figures, as well as the most comprehensive and protective nonprofit religious corporation laws in the nation. California, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment, no RFRA, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

California

Overall Score: 46%



RELIGIOUS FREEDOM SCORE: 29%

State Constitutional Protection of Free Exercise: 0/5

The California Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

California has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

California's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

California's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

California law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The California Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 72%

Nonprofit Religious Corporation Act: +5/5

California's nonprofit corporation law includes a designated law governing the formation and operations of nonprofit religious corporations and specific provisions to protect their right to self-government in internal affairs.

Standards of Conduct for Directors of Religious Organizations: +5/5

California law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +3/5

California generally requires charitable solicitation registration, but California domestic nonprofit religious corporations receive an automatic exemption. Out-of-state religious organizations may apply for an exemption, which is granted at the attorney general's discretion.

Audit Requirements Pursuant to Charitable Registration: -1/5

As a condition of maintaining authorization to fundraise in the state, California requires the submission of reviewed or audited financials for organizations with annual contributions of \$2 million or more.

Corporate Income Tax: +1/5

California imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: -3/5

California imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: -5/5

California imposes a sales and use tax on religious organizations' purchases and provides no meaningful exemptions.

Property Tax: +3/5

California imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Colorado

OVERALL

43%

RELIGIOUS FREEDOM

32%

REGULATORY FREEDOM

60%

Out of 51 U.S. jurisdictions, Colorado ranks #34 overall for its friendliness towards faith-based nonprofit organizations. Colorado has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status, no audit requirement to solicit donations in the state, and strong protections for directors to rely on guidance from religious figures. Colorado, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and no RFRA.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Colorado

Overall Score: 43%



RELIGIOUS FREEDOM SCORE: 32%

State Constitutional Protection of Free Exercise: 0/5

The Colorado Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Colorado has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -3/5

Colorado's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide accommodations or exemptions but only for a narrow spectrum of religious organizations, such as organizations classified as churches.

Religious Freedom for Faith-Based Employers: +3/5

Colorado's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Colorado law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Colorado Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current US Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 60%

Nonprofit Religious Corporation Act: 0/5

Colorado's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Colorado law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: 0/5

Colorado generally requires charitable solicitation registration and only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: +5/5

Colorado does not impose review or audit requirements as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

Colorado imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Colorado imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: +3/5

Colorado imposes a sales and use tax but a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases is generally available upon application.

Property Tax: +3/5

Colorado imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Connecticut

OVERALL

41%

RELIGIOUS FREEDOM

39%

REGULATORY FREEDOM

45%

Out of 51 U.S. jurisdictions, Connecticut ranks #37 overall for its friendliness towards faith-based nonprofit organizations. Connecticut has some policies that facilitate the contributions of faith-based nonprofits, including a RFRA statute. Connecticut, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as sales tax with very limited exemptions on religious organizations' sales and no legal protection for religious exercise during a state of emergency.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Connecticut

Overall Score: 41%



RELIGIOUS FREEDOM SCORE: 39%

State Constitutional Protection of Free Exercise: 0/5

The Connecticut Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Connecticut was the first state to enact a RFRA protecting the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. These protections are statutory and have not been incorporated into the state constitution, so Connecticut does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -3/5

Connecticut's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide accommodations or exemptions but only for a narrow spectrum of religious organizations.

Religious Freedom for Faith-Based Employers: -3/5

Connecticut's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists and provide accommodations or exemptions for only a subset of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Connecticut law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +3/5

Connecticut's constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 45%

Nonprofit Religious Corporation Act: -3/5

Connecticut's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

Connecticut permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Connecticut generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, Connecticut requires the submission of audited financials for organizations with annual contributions of \$500,000 or more.

Corporate Income Tax: +1/5

Connecticut imposes a statewide corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: -3/5

Connecticut imposes a sales and use tax on religious organizations' sales but provides limited exemptions for sales of certain items.

Sales and Use Tax, Purchases: +3/5

Connecticut imposes a sales and use tax on a religious organizations' purchases, but generally provides 501(c)(3) religious organizations broad and comprehensive, entity-based tax exemption upon application.

Property Tax: +3/5

Connecticut imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Delaware

OVERALL

41%

RELIGIOUS FREEDOM

29%

REGULATORY FREEDOM

59%

Out of 51 U.S. jurisdictions, Delaware ranks #39 overall for its friendliness towards faith-based nonprofit organizations. Delaware has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status, no sales tax, and no charitable registration or audit requirements to solicit donations in the state. Delaware, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment, no RFRA, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Delaware

Overall Score: 41%



RELIGIOUS FREEDOM SCORE: 29%

State Constitutional Protection of Free Exercise: 0/5

The Delaware Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Delaware has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Delaware's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

Delaware's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Delaware law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The Delaware Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 59%

Nonprofit Religious Corporation Act: -3/5

Delaware's corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) any express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

Delaware law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

Delaware has no charitable solicitation registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

Delaware has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +5/5

Delaware imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +5/5

Delaware does not impose sales or use tax.

Sales and Use Tax, Purchases: +5/5

Delaware does not impose sales or use tax.

Property Tax: +3/5

Delaware imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



OVERALL 54%

RELIGIOUS FREEDOM 52%

REGULATORY FREEDOM 57%

Out of 51 U.S. jurisdictions, Florida ranks #15 overall for its friendliness towards faith-based nonprofit organizations. Florida has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and a strong statutory RFRA. Florida, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and very limited exemptions from sales tax on religious organizations' sales.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Florida

Overall Score: 54%



RELIGIOUS FREEDOM SCORE: 52%

State Constitutional Protection of Free Exercise: 0/5

The Florida Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Florida has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Florida does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: +3/5

Florida's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide accommodations or exemptions for the vast majority of religious organizations.

Religious Freedom for Faith-Based Employers: -3/5

Florida's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: +3/5

Florida law provides that religious worship can only be prohibited or restricted by an emergency order that: (a) applies equally to all "essential" secular entities in the jurisdiction, (b) serves a compelling governmental interest, and (c) is narrowly tailored.

Blaine Amendment: -5/5

The Florida Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current US Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 57%

Nonprofit Religious Corporation Act: 0/5

Florida's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Florida law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Florida generally requires charitable solicitation registration but offers a narrow automatic exemption for certain religious organizations, such as churches.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, Florida requires the submission of: (a) reviewed financials for organizations with annual contributions between \$500,000 and \$1,000,000, and (b) audited financials for organizations with annual contributions or more than \$1,000,000.

Corporate Income Tax: +5/5

Florida imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Florida imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: +3/5

Florida imposes a sales and use tax but a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases is generally available upon application.

Property Tax: +1/5

Florida imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



Georgia

OVERALL 59%

RELIGIOUS FREEDOM 55%

REGULATORY FREEDOM 65%

Out of 51 U.S. jurisdictions, Georgia ranks #10 overall for its friendliness towards faith-based nonprofit organizations, making it one of the best states in which to operate a faith-based nonprofit. Georgia has several policies that facilitate the contributions of faith-based nonprofits, including strong protections for directors to rely on guidance from religious figures. Georgia, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as the presence of a broad Blaine Amendment and the lack of a state RFRA.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Georgia

Overall Score: 59%



RELIGIOUS FREEDOM SCORE: 55%

State Constitutional Protection of Free Exercise: 0/5

The Georgia Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -3/5

Georgia has not enacted a RFRA.

Religious Freedom for Nonprofits with Public Programming: +5/5

Georgia has no nondiscrimination laws related to public programming and facilities.

Religious Freedom for Faith-Based Employers: +5/5

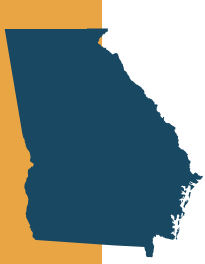
Georgia has no nondiscrimination laws related to private employers.

Protections for Religious Exercise in State of Emergency: -3/5

Georgia law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Georgia Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 65%

Nonprofit Religious Corporation Act: +3/5

Georgia's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Georgia law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties, provided the directors reasonably believe the religious figures to be reliable.

Charitable Registration Law: +3/5

Georgia generally requires charitable solicitation registration but offers a narrow automatic exemption for certain religious organizations, such as churches.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, Georgia generally requires the submission of reviewed or audited financials for organizations with annual contributions of more than \$500,000.

Corporate Income Tax: +1/5

Georgia imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: -3/5

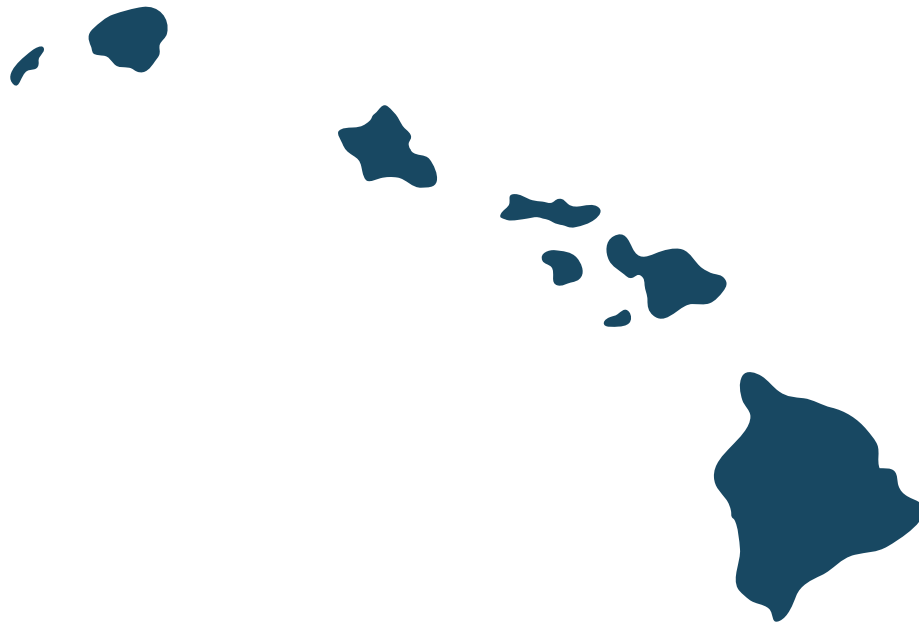
Georgia imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: -3/5

Georgia imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain items.

Property Tax: +1/5

Georgia imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



Hawaii

OVERALL

37%

RELIGIOUS FREEDOM

29%

REGULATORY FREEDOM

48%

Out of 51 U.S. jurisdictions, Hawaii ranks #45 overall for its friendliness towards faith-based nonprofit organizations, making it one of the worst states in which to operate a faith-based nonprofit. Hawaii has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and no audit requirement to solicit donations in the state. Hawaii, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment, no RFRA, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Hawaii

Overall Score: 37%



RELIGIOUS FREEDOM SCORE: 29%

State Constitutional Protection of Free Exercise: 0/5

The Hawaii Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Hawaii has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Hawaii's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

Hawaii's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Hawaii law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The Hawaii Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 48%

Nonprofit Religious Corporation Act: -3/5

Hawaii's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations; and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

Hawaii law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Hawaii generally requires charitable solicitation registration but, upon application, offers a narrow exemption for certain religious organizations, such as churches, qualified educational institutions, and state-licensed nonprofit hospitals.

Audit Requirements Pursuant to Charitable Registration: +5/5

Hawaii does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

Hawaii imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +3/5

Hawaii imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: -5/5

Hawaii imposes a sales and use tax on religious organizations' purchases and provides no meaningful exemption.

Property Tax: +1/5

Hawaii imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



Idaho

OVERALL

52%

RELIGIOUS FREEDOM

37%

REGULATORY FREEDOM

74%

Out of 51 U.S. jurisdictions, Idaho ranks #19 overall for its friendliness towards faith-based nonprofit organizations. Idaho has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and strong protections for directors to rely on guidance from religious authorities. Additionally, Idaho has no charitable solicitation registration or audit requirements. Idaho, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and laws regarding public accommodations and employment that include very limited exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Idaho

Overall Score: 52%



RELIGIOUS FREEDOM SCORE: 37%

State Constitutional Protection of Free Exercise: 0/5

The Idaho Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Idaho has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Idaho does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -3/5

Idaho's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide accommodations or exemptions but only for a narrow spectrum of religious organizations.

Religious Freedom for Faith-Based Employers: -3/5

Idaho's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: -3/5

Idaho law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Idaho Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current US Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 74%

Nonprofit Religious Corporation Act: +3/5

Idaho's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Idaho law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +5/5

Idaho has no charitable solicitation registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

Idaho has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +5/5

Idaho imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Idaho imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: -3/5

Idaho imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for a narrow subset of religious organizations.

Property Tax: +3/5

Idaho imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Illinois

OVERALL

47%

RELIGIOUS FREEDOM

48%

REGULATORY FREEDOM

45%

Out of 51 U.S. jurisdictions, Illinois ranks #25 overall for its friendliness towards faith-based nonprofit organizations. Illinois has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status. Illinois, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a sales tax with no meaningful exemptions for religious organizations' sales and an audit requirement to maintain charitable solicitation registration.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Illinois

Overall Score: 47%



RELIGIOUS FREEDOM SCORE: 48%

State Constitutional Protection of Free Exercise: 0/5

The Illinois Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Illinois has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Illinois does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -3/5

Illinois' nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide accommodations or exemptions but only for a narrow spectrum of religious organizations, such as organizations classified as churches.

Religious Freedom for Faith-Based Employers: +3/5

Illinois' nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Illinois law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The Illinois Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 45%

Nonprofit Religious Corporation Act: 0/5

Illinois' nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: -3/5

Illinois law is silent as to whether a director, in the fulfillment of the director's fiduciary duties, may rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, and the law does not expressly permit a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Illinois generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: -5/5

As a condition of maintaining authorization to fundraise in the state, Illinois requires the submission of reviewed or audited financials even for organizations with annual contributions less than \$500,000.

Corporate Income Tax: +5/5

Illinois imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -5/5

Illinois imposes a sales and use tax on religious organizations' sales and provides no meaningful exemption.

Sales and Use Tax, Purchases: +3/5

Illinois imposes a sales and use tax but a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases is generally available upon application.

Property Tax: +3/5

Illinois imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Indiana

OVERALL

66%

RELIGIOUS FREEDOM

52%

REGULATORY FREEDOM

88%

Indiana ranks #3 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the best states in which to operate a faith-based nonprofit. Indiana has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and strong nonprofit religious corporation laws. Additionally, Indiana has no charitable solicitation registration requirements. Indiana, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and restrictive laws related to public programming and facilities that provide no meaningful protections for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Indiana

Overall Score: 66%



RELIGIOUS FREEDOM SCORE: 52%

State Constitutional Protection of Free Exercise: +3/5

The Indiana Constitution has been interpreted by the Indiana Supreme Court to provide stronger protections for religious free exercise or worship than the federal First Amendment.

State Religious Freedom Restoration Act: +1/5

Indiana has enacted a RFRA that is limited in application and does not provide adequate protection for faith-based nonprofits with public programming.

Religious Freedom for Nonprofits with Public Programming: -5/5

Indiana's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

Indiana's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: +3/5

Indiana law provides that religious worship can only be prohibited or restricted by an emergency order that: (a) applies equally to all "essential" secular entities in the jurisdiction, (b) serves a compelling governmental interest, and (c) is narrowly tailored.

Blaine Amendment: -5/5

The Indiana Constitution contains Blaine Amendment-like language that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 88%

Nonprofit Religious Corporation Act: +5/5

Indiana's nonprofit corporation law includes a designated law governing the formation and operations of nonprofit religious corporations and specific provisions to protect their right to self-government in internal affairs.

Standards of Conduct for Directors of Religious Organizations: +5/5

Indiana law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +5/5

Indiana has no charitable solicitation registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

Indiana has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +5/5

Indiana imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +3/5

Indiana imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: +3/5

Indiana imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Indiana imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Iowa

OVERALL 61%

RELIGIOUS FREEDOM 46%

REGULATORY FREEDOM 84%

Iowa ranks #8 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the best states in which to operate a faith-based nonprofit. Iowa has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and strong nonprofit religious corporation laws. Additionally, Iowa has no charitable solicitation registration requirements. Iowa, however, has some laws that are burdensome to faith-based nonprofits operating in the state and lacks both protections for religious exercise during a state of emergency and a RFRA.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Iowa

Overall Score: 61%



RELIGIOUS FREEDOM SCORE: 46%

State Constitutional Protection of Free Exercise: 0/5

The Iowa Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Iowa has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: +3/5

Iowa's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide accommodations or exemptions for the vast majority of religious organizations.

Religious Freedom for Faith-Based Employers: +3/5

Iowa's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Iowa law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +3/5

The Iowa Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 84%

Nonprofit Religious Corporation Act: +5/5

Iowa's nonprofit corporation law includes a designated law governing the formation and operations of nonprofit religious corporations and specific provisions to protect their right to self-government in internal affairs.

Standards of Conduct for Directors of Religious Organizations: +5/5

Iowa law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +5/5

Iowa has no charitable solicitation registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

Iowa has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +5/5

Iowa imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +3/5

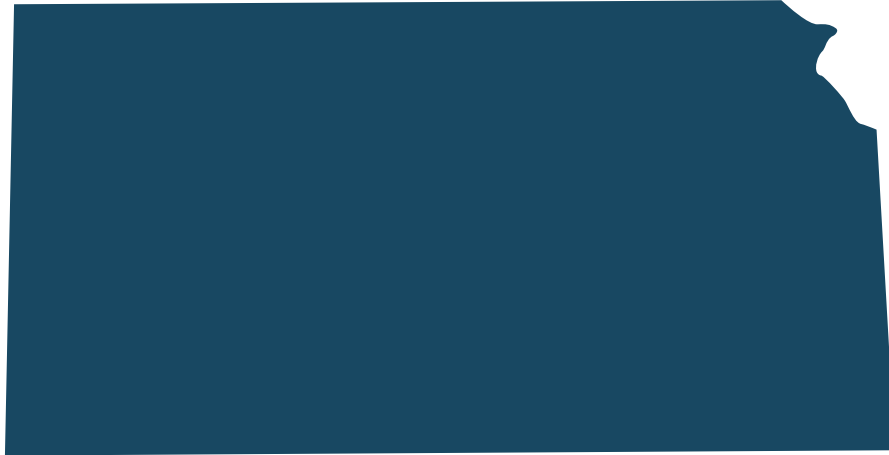
Iowa imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: -3/5

Iowa imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain items.

Property Tax: +3/5

Iowa imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Kansas

OVERALL

60%

RELIGIOUS FREEDOM

60%

REGULATORY FREEDOM

61%

Out of 51 U.S. jurisdictions, Kansas ranks #9 overall for its friendliness towards faith-based nonprofit organizations, making it one of the best states in which to operate a faith-based nonprofit. Kansas has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and a broad, automatic exemption from charitable registration requirements for religious organizations. Kansas, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment and a lack of protections for religious exercise during a state of emergency.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Kansas

Overall Score: 60%



RELIGIOUS FREEDOM SCORE: 60%

State Constitutional Protection of Free Exercise: 0/5

The Kansas Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Kansas has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Kansas does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: +3/5

Kansas' nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide accommodations or exemptions for the vast majority of religious organizations.

Religious Freedom for Faith-Based Employers: +3/5

Kansas' nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations

Protections for Religious Exercise in State of Emergency: -3/5

Kansas law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The Kansas Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 61%

Nonprofit Religious Corporation Act: 0/5

Kansas' corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Kansas law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

Kansas generally requires charitable solicitation registration but provides a broad, automatic exemption for religious organizations.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, Kansas generally requires the submission of reviewed or audited financials for organizations with annual contributions greater than \$500,000.

Corporate Income Tax: +5/5

Kansas imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Kansas imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: +3/5

Kansas imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Kansas imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Kentucky

OVERALL

62%

RELIGIOUS FREEDOM

64%

REGULATORY FREEDOM

59%

Kentucky ranks #6 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the best states in which to operate a faith-based nonprofit. Kentucky has several policies that facilitate the contributions of faith-based nonprofits, including a state RFRA statute and strong protections for religious exercise during a state of emergency. Additionally, Kentucky does not impose audit requirements as a condition of maintaining authorization to fundraise in the state. Kentucky, however, has some laws that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment and very limited exemptions from sales tax on religious organizations' sales.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Kentucky

Overall Score: 62%



RELIGIOUS FREEDOM SCORE: 64%

State Constitutional Protection of Free Exercise: 0/5

The Kentucky Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Kentucky has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Kentucky does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: +3/5

Kentucky's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide accommodations or exemptions for the vast majority of religious organizations.

Religious Freedom for Faith-Based Employers: +3/5

Kentucky's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: +3/5

Kentucky law provides that religious worship can only be prohibited or restricted by an emergency order that: (a) applies equally to all "essential" secular entities in the jurisdiction, (b) serves a compelling governmental interest, and (c) is narrowly tailored.

Blaine Amendment: -3/5

The Kentucky Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 59%

Nonprofit Religious Corporation Act: 0/5

Kentucky's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Kentucky law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Kentucky generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: +5/5

Kentucky does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +3/5

Kentucky imposes a corporate income tax and offers an automatic exemption only to a subset of organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Kentucky imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: +3/5

Kentucky imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Kentucky imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Louisiana

OVERALL

46%

RELIGIOUS FREEDOM

35%

REGULATORY FREEDOM

63%

Louisiana ranks #30 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations. Louisiana has several policies that facilitate the contributions of faith-based nonprofits, including a broad automatic exemption from charitable registration requirements for religious organizations, no audit requirement to solicit donations in the state, and a RFRA statute. Louisiana, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as sales tax with only narrow exemptions on religious organizations' sales and purchases and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Louisiana

Overall Score: 46%



RELIGIOUS FREEDOM SCORE: 35%

State Constitutional Protection of Free Exercise: 0/5

The Louisiana Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Louisiana has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Louisiana does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

Louisiana's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Louisiana's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: -3/5

Louisiana law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +3/5

The Louisiana Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 63%

Nonprofit Religious Corporation Act: +3/5

Louisiana's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: 0/5

Louisiana law permits a director, in the fulfillment of the director's fiduciary duties, to rely only on the opinions of certain individuals retained by the corporation, and does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

Louisiana generally requires charitable solicitation registration but provides a broad, automatic exemption for religious organizations that do not use a professional fundraiser.

Audit Requirements Pursuant to Charitable Registration: +5/5

Louisiana does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +1/5

Louisiana imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: -3/5

Louisiana imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: -3/5

Louisiana imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain items.

Property Tax: +3/5

Louisiana imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Maine

OVERALL

36%

RELIGIOUS FREEDOM

27%

REGULATORY FREEDOM

49%

Out of 51 U.S. jurisdictions, Maine ranks #46 overall for its friendliness towards faith-based nonprofit organizations, making it one of the worst states in which to operate a faith-based nonprofit. Maine has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status. Additionally, Maine has a broad exemption to charitable solicitation registration requirements for religious organizations and no audit requirements. Maine, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as laws regarding public accommodations that include no meaningful religious exemptions and no RFRA.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Maine

Overall Score: 36%



RELIGIOUS FREEDOM SCORE: 27%

State Constitutional Protection of Free Exercise: +3/5

The Maine Constitution has been interpreted by the Maine Supreme Court to provide stronger protections for religious free exercise or worship than the federal First Amendment.

State Religious Freedom Restoration Act: -5/5

Maine has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Maine's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Maine's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: -3/5

Maine law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +3/5

The Maine Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 49%

Nonprofit Religious Corporation Act: -3/5

Maine's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

Maine law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

Maine generally requires charitable solicitation registration but provides a broad, automatic exemption for religious organizations.

Audit Requirements Pursuant to Charitable Registration: +5/5

Maine does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

Maine imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Maine imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: -3/5

Maine imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain items.

Property Tax: +3/5

Maine imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Maryland

OVERALL

29%

RELIGIOUS FREEDOM

20%

REGULATORY FREEDOM

44%

Maryland ranks #50 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the worst states in which to operate a faith-based nonprofit. Maryland has some policies that facilitate the contributions of faith-based nonprofits, including offering a broad exemption from charitable registration requirements to most religious organizations upon application. Maryland, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as an audit requirement to maintain charitable solicitation registration, no RFRA, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Maryland

Overall Score: 25%



RELIGIOUS FREEDOM SCORE: 20%

State Constitutional Protection of Free Exercise: 0/5

The Maryland Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Maryland has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Maryland's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Maryland's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: -3/5

Maryland law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +3/5

The Maryland Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 44%

Nonprofit Religious Corporation Act: -3/5

Maryland's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

Maryland law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Maryland generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: -5/5

As a condition of maintaining authorization to fundraise in the state, Maryland requires the submission of reviewed or audited financials for organizations with annual contributions of more than \$300,000.

Corporate Income Tax: +1/5

Maryland imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: -3/5

Maryland imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: +3/5

Maryland imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +1/5

Maryland imposes property tax and provides only fragmented property tax exemptions for properties owned by religious groups and used exclusively for religious worship, parsonages and convents, or educational purposes.



Massachusetts

OVERALL

36%

RELIGIOUS FREEDOM

26%

REGULATORY FREEDOM

52%

Massachusetts ranks #47 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the worst states in which to operate a faith-based nonprofit. Massachusetts has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status. Massachusetts, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as sales tax with no meaningful exemptions on religious organizations' sales, an audit requirement to maintain charitable solicitation registration, no RFRA, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Massachusetts

Overall Score: 36%



RELIGIOUS FREEDOM SCORE: 26%

State Constitutional Protection of Free Exercise: +3/5

The Massachusetts Constitution has been interpreted by the Massachusetts Supreme Court to provide stronger protections for religious free exercise or worship than the federal First Amendment.

State Religious Freedom Restoration Act: -5/5

Massachusetts has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Massachusetts' nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Massachusetts' nondiscrimination laws related to employment have only narrow accommodations or exemptions for only a subset of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Massachusetts law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Massachusetts Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 52%

Nonprofit Religious Corporation Act: 0/5

Massachusetts' nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Massachusetts law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: 0/5

Massachusetts generally requires charitable solicitation registration and, as interpreted by state regulation, only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: -5/5

As a condition of maintaining authorization to fundraise in the state, Massachusetts requires the submission of reviewed or audited financials even for organizations with annual contributions of \$500,000 or less.

Corporate Income Tax: +5/5

Massachusetts imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -5/5

Massachusetts imposes a sales and use tax on religious organizations' sales and provides no meaningful exemption.

Sales and Use Tax, Purchases: +3/5

Massachusetts imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Massachusetts imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Michigan

OVERALL 29%

RELIGIOUS FREEDOM 22%

REGULATORY FREEDOM 39%

Michigan ranks #51 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the worst states in which to operate a faith-based nonprofit. Michigan has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status. Michigan, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment, no RFRA, and laws regarding public accommodations and employment that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Michigan

Overall Score: 29%



RELIGIOUS FREEDOM SCORE: 22%

State Constitutional Protection of Free Exercise: +3/5

The Michigan Constitution has been interpreted by the Michigan Supreme Court to provide stronger protections for religious free exercise or worship than the federal First Amendment. This score may be reduced if pending litigation overturns the current Michigan Supreme Court precedent.

State Religious Freedom Restoration Act: -5/5

Michigan has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Michigan's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -5/5

Michigan's nondiscrimination laws related to employment include no meaningful accommodations or exemptions to protect the autonomy of religious employers.

Protections for Religious Exercise in State of Emergency: -3/5

Michigan law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Michigan Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current US Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 39%

Nonprofit Religious Corporation Act: -3/5

Michigan's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

Michigan law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: 0/5

Michigan generally requires charitable solicitation registration and only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, Michigan requires the submission of reviewed or audited financials for organizations with annual contributions of \$500,000 or more.

Corporate Income Tax: +5/5

Michigan imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Michigan imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: -3/5

Michigan imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain items.

Property Tax: +1/5

Michigan imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations.



Minnesota

OVERALL 46%

RELIGIOUS FREEDOM 41 %

REGULATORY FREEDOM 54%

Out of 51 U.S. jurisdictions, Minnesota ranks #28 overall for its friendliness towards faith-based nonprofit organizations. Minnesota has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status. Minnesota, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and no RFRA.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Minnesota

Overall Score: 46%



RELIGIOUS FREEDOM SCORE: 41%

State Constitutional Protection of Free Exercise: +3/5

The Minnesota Constitution has been interpreted by the Minnesota supreme court to provide stronger protections for religious free exercise or worship than the federal First Amendment.

State Religious Freedom Restoration Act: -5/5

Minnesota has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: +3/5

Minnesota's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide accommodations or exemptions for the vast majority of religious organizations.

Religious Freedom for Faith-Based Employers: -3/5

Minnesota's nondiscrimination laws related to employment have only narrow exemptions allowing religious organizations to hire co-religionists and providing other narrow accommodations or exemptions.

Protections for Religious Exercise in State of Emergency: -3/5

Minnesota law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Minnesota Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 54%

Nonprofit Religious Corporation Act: 0/5

Minnesota's nonprofit corporation law acknowledges the ability of nonprofit corporations to incorporate for religious purposes but does not include specific provisions to protect religious nonprofits' right to self-government in internal affairs or an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Minnesota permits a director to, in the fulfillment of the director's fiduciary duties, rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: 0/5

Minnesota generally requires charitable solicitation registration and provides a limited religious exemption for entities that are not required to file form 990 (Churches, religious orders, etc.). There are no other meaningful exemptions to the registration requirement.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, Minnesota requires the submission of audited financials from organizations with annual contributions of \$750,000 or more.

Corporate Income Tax: +5/5

Minnesota imposes a statewide corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Minnesota imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: +3/5

Minnesota imposes a sales and use tax on religious organizations' purchases but provides broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Minnesota imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Mississippi

OVERALL

63%

RELIGIOUS FREEDOM

67%

REGULATORY FREEDOM

57%

Mississippi ranks #4 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the best states in which to operate a faith-based nonprofit. Mississippi has several policies that facilitate the contributions of faith-based nonprofits, including broad protections for religious organizations related to employment laws and a strong state RFRA statute. Mississippi, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as an audit requirement for nonprofits that are registered to solicit funds in Mississippi.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Mississippi

Overall Score: 63%



RELIGIOUS FREEDOM SCORE: 67%

State Constitutional Protection of Free Exercise: 0/5

The Mississippi Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Mississippi has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Mississippi does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: +5/5

Mississippi has no nondiscrimination laws related to public programming and facilities.

Religious Freedom for Faith-Based Employers: +5/5

Mississippi's nondiscrimination laws related to employment are narrow and generally would not jeopardize the autonomy of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Mississippi law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The Mississippi Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 57%

Nonprofit Religious Corporation Act: +3/5

Mississippi's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Mississippi law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: 0/5

Mississippi generally requires charitable solicitation registration and only exempts a narrow subset of religious organizations, such as those primarily supported by government grants or contracts, funds solicited from their own membership, congregations or previous donors, and fees charged for services rendered.

Audit Requirements Pursuant to Charitable Registration: -5/5

As a condition of maintaining authorization to fundraise in the state, Mississippi requires the submission of reviewed or audited financials for organizations with annual contributions of \$250,000 or more.

Corporate Income Tax: +1/5

Mississippi imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: -3/5

Mississippi imposes a sales and use tax on religious organizations' sales and only provides limited exemptions.

Sales and Use Tax, Purchases: -3/5

Mississippi imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions.

Property Tax: +1/5

Mississippi imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



Missouri

OVERALL

52%

RELIGIOUS FREEDOM

33%

REGULATORY FREEDOM

81%

Out of 51 U.S. jurisdictions, Missouri ranks #18 overall for its friendliness towards faith-based nonprofit organizations. Missouri has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and strong protections for directors to rely on guidance from religious figures. Additionally, Missouri has a broad exemption from charitable solicitation registration requirements for religious organizations and no audit requirements. Missouri, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and laws regarding public accommodations that include no meaningful religious exemptions.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Missouri

Overall Score: 52%



RELIGIOUS FREEDOM SCORE: 33%

State Constitutional Protection of Free Exercise: 0/5

The Missouri Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Missouri has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Missouri does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

Missouri's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Missouri's nondiscrimination laws related to employment have accommodations or exemptions for only a subset of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Missouri law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Missouri Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 81 %

Nonprofit Religious Corporation Act: +3/5

Missouri's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Missouri law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +5/5

Missouri generally requires charitable solicitation registration but provides a broad, automatic exemption for religious organizations.

Audit Requirements Pursuant to Charitable Registration: +5/5

Missouri does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

Missouri imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +3/5

Missouri imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: +3/5

Missouri imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Missouri imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Montana

OVERALL

63%

RELIGIOUS FREEDOM

48%

REGULATORY FREEDOM

87%

Montana ranks #5 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the best states in which to operate a faith-based nonprofit. Montana has several policies that facilitate the contributions of faith-based nonprofits, including strong nonprofit religious corporation laws. Additionally, Montana has no charitable registration or audit requirements to solicit funds within the state. Montana, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment and restrictive laws related to public programming and facilities that provide no meaningful protections for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Montana

Overall Score: 63%



RELIGIOUS FREEDOM SCORE: 48%

State Constitutional Protection of Free Exercise: 0/5

The Montana Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Montana has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Montana does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

Montana's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

Montana's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: +3/5

Montana law provides absolute statutory protection for religious worship.

Blaine Amendment: -5/5

The Montana Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 87%

Nonprofit Religious Corporation Act: +5/5

Montana's nonprofit corporation law includes a designated law governing the formation and operations of nonprofit religious corporations and specific provisions to protect their right to self-government in internal affairs.

Standards of Conduct for Directors of Religious Organizations: +5/5

Montana law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +5/5

Montana has no charitable solicitation registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

Montana has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +1/5

Montana imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: +5/5

Montana does not impose sales or use tax.

Sales and Use Tax, Purchases: +5/5

Montana does not impose sales or use tax.

Property Tax: +1/5

Montana imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



Nebraska

OVERALL

58%

RELIGIOUS FREEDOM

51%

REGULATORY FREEDOM

67%

Out of 51 U.S. jurisdictions, Nebraska ranks #13 overall for its friendliness towards faith-based nonprofit organizations. Nebraska has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and strong protections for directors to rely on guidance from religious figures. Additionally, Nebraska has no charitable solicitation registration or audit requirements. Nebraska, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as the presence of a broad Blaine Amendment and the lack of a state RFRA.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Nebraska

Overall Score: 58%



RELIGIOUS FREEDOM SCORE: 51%

State Constitutional Protection of Free Exercise: 0/5

The Nebraska Constitution follows in “lockstep” with the federal constitution’s protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Nebraska has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: +5/5

Nebraska’s nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide strong accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +5/5

Nebraska’s nondiscrimination laws related to employment are narrow and generally would not jeopardize the autonomy of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Nebraska law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Nebraska Constitution contains a Blaine Amendment that broadly restricts the ability of faith-based organizations to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 67%

Nonprofit Religious Corporation Act: 0/5

Nebraska's nonprofit corporation law acknowledges the ability of nonprofit corporations to incorporate for religious purposes but does not include specific provisions to protect religious nonprofits' right to self-government in internal affairs or an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Nebraska law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +5/5

Nebraska has no charitable solicitation registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

Nebraska has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +5/5

Nebraska imposes a statewide corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Nebraska imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: +3/5

Nebraska imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Nebraska imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Nevada

OVERALL

32%

RELIGIOUS FREEDOM

18%

REGULATORY FREEDOM

54%

Nevada ranks #49 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the worst states in which to operate a faith-based nonprofit. Nevada has some policies that facilitate the contributions of faith-based nonprofits, including no state income tax and no audit requirement to solicit donations in the state. Nevada, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment, no RFRA, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Nevada

Overall Score: 32%



RELIGIOUS FREEDOM SCORE: 18%

State Constitutional Protection of Free Exercise: 0/5

The Nevada Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Nevada has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Nevada's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Nevada's nondiscrimination laws related to employment provide accommodations or exemptions for only a subset of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Nevada law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Nevada Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 54%

Nonprofit Religious Corporation Act: -3/5

Nevada's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

Nevada law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Nevada generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: +5/5

Nevada does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

Nevada does not impose a corporate income tax.

Sales and Use Tax, Sales: +3/5

Nevada imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: +3/5

Nevada imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Nevada imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



New Hampshire

OVERALL

58%

RELIGIOUS FREEDOM

56%

REGULATORY FREEDOM

60%

New Hampshire ranks #12 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations. New Hampshire has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status. Additionally, New Hampshire does not impose a state sales or use tax. New Hampshire, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as the presence of a Blaine Amendment and the lack of a state RFRA.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

New Hampshire

Overall Score: 58%



RELIGIOUS FREEDOM SCORE: 56%

State Constitutional Protection of Free Exercise: +3/5

The New Hampshire Constitution has been interpreted by the New Hampshire Supreme Court to provide stronger protections for religious free exercise or worship than the federal First Amendment.

State Religious Freedom Restoration Act: -5/5

New Hampshire has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: +3/5

New Hampshire's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide accommodations or exemptions for the vast majority of religious organizations.

Religious Freedom for Faith-Based Employers: +3/5

New Hampshire's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: +3/5

New Hampshire law provides absolute statutory protection for religious worship.

Blaine Amendment: -3/5

The New Hampshire Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 60%

Nonprofit Religious Corporation Act: +3/5

New Hampshire's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: -3/5

New Hampshire law is silent as to whether a director, in the fulfillment of the director's fiduciary duties, may rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, and the law does not expressly permit a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: 0/5

New Hampshire generally requires charitable solicitation registration and only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: -1/5

As a condition of maintaining authorization to fundraise in the state, New Hampshire requires the submission of reviewed or audited financials for organizations with annual contributions of \$2 million or more.

Corporate Income Tax: +5/5

New Hampshire imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +5/5

New Hampshire does not impose sales or use tax.

Sales and Use Tax, Purchases: +5/5

New Hampshire does not impose sales or use tax.

Property Tax: +3/5

New Hampshire imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



New Jersey

OVERALL

43%

RELIGIOUS FREEDOM

34%

REGULATORY FREEDOM

57%

Out of 51 U.S. jurisdictions, New Jersey ranks #35 overall for its friendliness towards faith-based nonprofit organizations. New Jersey has some policies that facilitate the contributions of faith-based nonprofits, including a broad automatic exemption from charitable registration requirements for religious organizations. New Jersey, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as no RFRA and no legal protection for religious exercise during a state of emergency.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

New Jersey

Overall Score: 43%



RELIGIOUS FREEDOM SCORE: 34%

State Constitutional Protection of Free Exercise: 0/5

The New Jersey Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

New Jersey has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -3/5

New Jersey's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide accommodations or exemptions but only for a narrow spectrum of religious organizations, such as educational facilities operated by a religious institution.

Religious Freedom for Faith-Based Employers: +3/5

New Jersey's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

New Jersey law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +3/5

The New Jersey Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 57%

Nonprofit Religious Corporation Act: 0/5

New Jersey's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: 0/5

New Jersey law permits a director, in the fulfillment of the director's fiduciary duties, to rely only on the opinions of individuals retained by the corporation, and does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

New Jersey generally requires charitable solicitation registration but provides a broad, automatic exemption for religious organizations.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, New Jersey requires the submission of audited financials for organizations with annual contributions of more than \$500,000.

Corporate Income Tax: +1/5

New Jersey imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: +3/5

New Jersey imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: +3/5

New Jersey imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

New Jersey imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



New Mexico

OVERALL 62%

RELIGIOUS FREEDOM 60%

REGULATORY FREEDOM 64%

New Mexico ranks #7 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the best states in which to operate a faith-based nonprofit. New Mexico has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and a broad exemption from charitable solicitation registration for religious organizations. New Mexico, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment and a lack of protection for religious exercise during a state of emergency.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

New Mexico

Overall Score: 62%



RELIGIOUS FREEDOM SCORE: 60%

State Constitutional Protection of Free Exercise: 0/5

The New Mexico Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

New Mexico has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, New Mexico does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: +3/5

New Mexico's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide accommodations or exemptions for the vast majority of religious organizations.

Religious Freedom for Faith-Based Employers: +3/5

New Mexico's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

New Mexico law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The New Mexico Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 64%

Nonprofit Religious Corporation Act: 0/5

New Mexico's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

New Mexico law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

New Mexico generally requires charitable solicitation registration but provides a broad, automatic exemption for religious organizations.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, New Mexico generally requires the submission of reviewed or audited financials for organizations with annual contributions of \$500,000 or more.

Corporate Income Tax: +5/5

New Mexico imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +3/5

New Mexico imposes a sales and use tax (in New Mexico this is called a gross receipts and compensating tax) on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: +3/5

New Mexico imposes a sales and use tax (in New Mexico this is called a gross receipts and compensating tax) on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

New Mexico imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



New York

OVERALL

51%

RELIGIOUS FREEDOM

44%

REGULATORY FREEDOM

61%

Out of 51 U.S. jurisdictions, New York ranks #20 overall for its friendliness towards faith-based nonprofit organizations. New York has several policies that facilitate the contributions of faith-based nonprofits, including a broad automatic exemption from charitable registration requirements for religious organizations and broad sales tax exemptions available upon application for religious organizations' sales and purchases. New York, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment, no RFRA, and an audit requirement to maintain charitable solicitation registration.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

New York

Overall Score: 51%



RELIGIOUS FREEDOM SCORE: 44%

State Constitutional Protection of Free Exercise: 0/5

The New York Constitution follows in “lockstep” with the federal constitution’s protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

New York has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: +3/5

New York’s nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities but provide accommodations or exemptions for the vast majority of religious organizations.

Religious Freedom for Faith-Based Employers: +3/5

New York’s nondiscrimination laws related to employment are broad but, according to the text, provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations. Note that New York regulations may narrow the scope of these strong exemptions.

Protections for Religious Exercise in State of Emergency: -3/5

New York law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The New York Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 61%

Nonprofit Religious Corporation Act: 0/5

New York's nonprofit corporation law acknowledges the ability of nonprofit corporations to incorporate for religious purposes but does not include specific provisions to protect religious nonprofits' right to self-government in internal affairs or an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

New York law affirms the ability of a director to, in the fulfillment of the director's fiduciary duties, rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

New York generally requires charitable registration but has automatic broad exemptions for religious organizations.

Audit Requirements Pursuant to Charitable Registration: -5/5

As a condition of maintaining authorization to fundraise in the state, New York requires the submission of: (a) reviewed financials for organizations with annual revenue between \$250,000 and \$1 million, and (b) audited financials for organizations with annual revenue of more than \$1 million.

Corporate Income Tax: +1/5

New York imposes a statewide corporate income tax but offers exemptions to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: +3/5

New York imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: +3/5

New York imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

New York imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



North Carolina

OVERALL

51%

RELIGIOUS FREEDOM

39%

REGULATORY FREEDOM

69%

Out of 51 U.S. jurisdictions, North Carolina ranks #21 overall for its friendliness towards faith-based nonprofit organizations. North Carolina has several policies that facilitate the contributions of faith-based nonprofits: North Carolina has no audit requirements for religious organizations to solicit donations in the state and no Blaine Amendment. North Carolina, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as laws related to employment with no meaningful accommodations for religious organizations and the lack of a state RFRA.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

North Carolina

Overall Score: 51%



RELIGIOUS FREEDOM SCORE: 39%

State Constitutional Protection of Free Exercise: 0/5

The North Carolina Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -3/5

North Carolina has not enacted a RFRA.

Religious Freedom for Nonprofits with Public Programming: +5/5

North Carolina has no nondiscrimination laws related to public programming and facilities.

Religious Freedom for Faith-Based Employers: -5/5

North Carolina's nondiscrimination laws related to employment include no meaningful accommodations or exemptions to protect the autonomy of religious employers.

Protections for Religious Exercise in State of Emergency: -3/5

North Carolina law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +3/5

The North Carolina Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 69%

Nonprofit Religious Corporation Act: +3/5

North Carolina's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

North Carolina law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

North Carolina generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: +5/5

North Carolina does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +1/5

North Carolina imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: -3/5

North Carolina imposes a sales and use tax on religious organizations' sales and only provides limited exemptions.

Sales and Use Tax, Purchases: +3/5

North Carolina imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

North Carolina imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



North Dakota

OVERALL

41%

RELIGIOUS FREEDOM

37%

REGULATORY FREEDOM

46%

Out of 51 U.S. jurisdictions, North Dakota ranks #38 overall for its friendliness towards faith-based nonprofit organizations. North Dakota has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and no audit requirement to solicit donations in the state. North Dakota, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

North Dakota

Overall Score: 41%



RELIGIOUS FREEDOM SCORE: 37%

State Constitutional Protection of Free Exercise: 0/5

The North Dakota Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

North Dakota has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, North Dakota does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

North Dakota's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

North Dakota's nondiscrimination laws related to employment have only narrow exemptions.

Protections for Religious Exercise in State of Emergency: +3/5

North Dakota law provides that religious worship can only be prohibited or restricted by an emergency order that: (a) applies equally to all "essential" secular entities in the jurisdiction, (b) serves a compelling governmental interest, and (c) is narrowly tailored.

Blaine Amendment: -3/5

The North Dakota Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 46%

Nonprofit Religious Corporation Act: -3/5

North Dakota's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

North Dakota law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: 0/5

North Dakota generally requires charitable solicitation registration and only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: +5/5

North Dakota does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

North Dakota imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +3/5

North Dakota imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application, provided the sales are related to a nonprofit's charitable, religious, or educational activities, all revenue from the sales is used for the nonprofit's exempt purposes, and the sales are not in competition with retailers.

Sales and Use Tax, Purchases: -3/5

North Dakota imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain items.

Property Tax: +3/5

North Dakota imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Ohio

OVERALL 42%

RELIGIOUS FREEDOM 37%

REGULATORY FREEDOM 50%

Out of 51 U.S. jurisdictions, Ohio ranks #36 overall for its friendliness towards faith-based nonprofit organizations. Ohio has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and no audit requirement to solicit donations in the state. Ohio, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment, no RFRA, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Ohio

Overall Score: 42%



RELIGIOUS FREEDOM SCORE: 37%

State Constitutional Protection of Free Exercise: +3/5

The Ohio Constitution has been interpreted by the Ohio Supreme Court to provide stronger protections for religious free exercise or worship than the federal First Amendment.

State Religious Freedom Restoration Act: -5/5

Ohio has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Ohio's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

Ohio's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Ohio law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The Ohio Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: %

Nonprofit Religious Corporation Act: -3/5

Ohio's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

Ohio law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Ohio generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: +5/5

Ohio does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

Ohio imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Ohio imposes a sales and use tax on religious organizations' sales and only provides limited exemptions.

Sales and Use Tax, Purchases: +3/5

Ohio imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Ohio imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Oklahoma

OVERALL

46%

RELIGIOUS FREEDOM

37%

REGULATORY FREEDOM

60%

Out of 51 U.S. jurisdictions, Oklahoma ranks #31 overall for its friendliness towards faith-based nonprofit organizations. Oklahoma has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status, a broad automatic exemption from charitable registration requirements for religious organizations, and no audit requirement to solicit donations in the state. Oklahoma, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment, laws regarding public accommodations that include no meaningful exemptions for religious organizations, and very limited exemptions to sales tax on religious organizations' purchases and sales.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Oklahoma

Overall Score: 46%



RELIGIOUS FREEDOM SCORE: 37%

State Constitutional Protection of Free Exercise: 0/5

The Oklahoma Constitution follows in “lockstep” with the federal constitution’s protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Oklahoma has enacted a RFRA protecting the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Oklahoma does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

Oklahoma’s nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Oklahoma’s nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: +3/5

Oklahoma law provides that religious worship can only be prohibited or restricted by an emergency order that (a) applies equally to all “essential” secular entities in the jurisdiction, (b) serves a compelling governmental interest, and (c) is narrowly tailored.

Blaine Amendment: -5/5

The Oklahoma Constitution contains a Blaine Amendment that broadly restricts faith-based organizations’ freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 60%

Nonprofit Religious Corporation Act: 0/5

Oklahoma's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Oklahoma law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

Oklahoma generally requires charitable solicitation registration but provides a broad, automatic exemption for religious organizations.

Audit Requirements Pursuant to Charitable Registration: +5/5

Oklahoma does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

Oklahoma imposes a corporate income tax but generally provides automatic exemptions to organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Oklahoma imposes a sales and use tax on religious organizations' sales and only provides exemptions for churches.

Sales and Use Tax, Purchases: -3/5

Oklahoma imposes a sales and use tax on religious organizations' purchases and only provides exemptions for churches.

Property Tax: +3/5

Oklahoma imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Oregon

OVERALL

55%

RELIGIOUS FREEDOM

32%

REGULATORY FREEDOM

90%

Out of 51 U.S. jurisdictions, Oregon ranks #14 overall for its friendliness towards faith-based nonprofit organizations. Oregon has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and strong nonprofit religious corporation laws. Additionally, Oregon has no charitable solicitation registration or audit requirements, and does not impose a state sales tax. Oregon, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as the presence of a broad Blaine Amendment and the lack of a state RFRA.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Oregon

Overall Score: 55%



RELIGIOUS FREEDOM SCORE: 32%

State Constitutional Protection of Free Exercise: 0/5

The Oregon Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Oregon has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -3/5

Oregon's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide only narrow accommodations or exemptions to religious organizations, such as organizations classified as churches.

Religious Freedom for Faith-Based Employers: +3/5

Oregon's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Oregon law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

Oregon's Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current US Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 90%

Nonprofit Religious Corporation Act: +5/5

Oregon's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Oregon law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +5/5

Oregon generally requires charitable solicitation registration but provides a broad, automatic exemption for religious organizations.

Audit Requirements Pursuant to Charitable Registration: +5/5

Oregon does not impose review or audit requirements as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

Oregon imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +5/5

Oregon does not impose sales or use tax.

Sales and Use Tax, Purchases: +5/5

Oregon does not impose sales or use tax.

Property Tax: +3/5

Oregon imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Pennsylvania

OVERALL

40%

RELIGIOUS FREEDOM

30%

REGULATORY FREEDOM

55%

Out of 51 U.S. jurisdictions, Pennsylvania ranks #40 overall for its friendliness towards faith-based nonprofit organizations. Pennsylvania has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status. Pennsylvania, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as laws regarding public accommodations that include no meaningful exemptions for religious organizations, sales tax with no meaningful exemptions on religious organizations' sales, and an audit requirement to maintain charitable solicitation registration.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Pennsylvania

Overall Score: 40%



RELIGIOUS FREEDOM SCORE: 30%

State Constitutional Protection of Free Exercise: 0/5

The Pennsylvania Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +1/5

Pennsylvania has enacted a RFRA that requires government burdens on religious exercise to satisfy a standard less than strict scrutiny.

Religious Freedom for Nonprofits with Public Programming: -5/5

Pennsylvania's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Pennsylvania's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: -3/5

Pennsylvania law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The Pennsylvania Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current US Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 55%

Nonprofit Religious Corporation Act: 0/5

Pennsylvania's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Pennsylvania law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Pennsylvania generally requires charitable solicitation registration but offers a narrow automatic exemption for certain religious organizations, such as churches.

Audit Requirements Pursuant to Charitable Registration: -5/5

As a condition of maintaining authorization to fundraise in the state, Pennsylvania requires the submission of reviewed or audited financials from organizations with annual contributions of \$500,000 or less.

Corporate Income Tax: +5/5

Pennsylvania imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -5/5

Pennsylvania imposes a sales and use tax on religious organizations' sales and provides no meaningful exemption.

Sales and Use Tax, Purchases: +3/5

Pennsylvania imposes a sales and use tax but a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases is generally available upon application.

Property Tax: +1/5

Pennsylvania imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



Rhode Island

OVERALL

43%

RELIGIOUS FREEDOM

35%

REGULATORY FREEDOM

56%

Out of 51 U.S. jurisdictions, Rhode Island ranks #33 overall for its friendliness towards faith-based nonprofit organizations. Rhode Island has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status. Rhode Island, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as laws regarding public accommodations that include no meaningful exemptions for religious organizations and sales tax with no meaningful exemptions on religious organizations' sales.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Rhode Island

Overall Score: 43%



RELIGIOUS FREEDOM SCORE: 35%

State Constitutional Protection of Free Exercise: 0/5

The Rhode Island Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Rhode Island has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Rhode Island does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

Rhode Island's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Rhode Island's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: -3/5

Rhode Island law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +3/5

The Rhode Island Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 56%

Nonprofit Religious Corporation Act: 0/5

Rhode Island's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Rhode Island law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Rhode Island generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, Rhode Island requires the submission of audited financials from organizations with annual contributions of more than \$500,000.

Corporate Income Tax: +5/5

Rhode Island imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -5/5

Rhode Island generally imposes a sales and use tax on religious organizations' sales and provides no meaningful exemptions.

Sales and Use Tax, Purchases: +3/5

Rhode Island generally imposes a sales and use tax on religious organizations' purchases but provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +1/5

Rhode Island imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations, such as churches, or that apply only to a narrow category of religious and/or charitable property uses.



South Carolina

OVERALL

53%

RELIGIOUS FREEDOM

37%

REGULATORY FREEDOM

77%

Out of 51 U.S. jurisdictions, South Carolina ranks #16 overall for its friendliness towards faith-based nonprofit organizations. South Carolina has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and strong nonprofit religious corporation laws. Additionally, South Carolina has no audit requirements for religious organizations to solicit donations in the state. South Carolina, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment and laws regarding public accommodations that include no meaningful religious exemptions.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

South Carolina

Overall Score: 53%



RELIGIOUS FREEDOM SCORE: 37%

State Constitutional Protection of Free Exercise: 0/5

The South Carolina Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

South Carolina has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, South Carolina does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

South Carolina's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

South Carolina's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: +3/5

South Carolina law provides that religious worship can only be prohibited or restricted by an emergency order that: (a) applies equally to all "essential" secular entities in the jurisdiction, (b) serves a compelling governmental interest, and (c) is narrowly tailored.

Blaine Amendment: -3/5

The South Carolina Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

Last Updated: 6/8/2023



REGULATORY FREEDOM SCORE: %

Nonprofit Religious Corporation Act: +5/5

South Carolina's nonprofit corporation law includes a designated law governing the formation and operations of nonprofit religious corporations and specific provisions to protect their right to self-government in internal affairs.

Standards of Conduct for Directors of Religious Organizations: +5/5

South Carolina law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: 0/5

South Carolina generally requires charitable solicitation registration and only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: +5/5

South Carolina does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

South Carolina imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +3/5

South Carolina imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: -3/5

South Carolina imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain items.

Property Tax: +1/5

South Carolina imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations.



South Dakota

OVERALL 47%

RELIGIOUS FREEDOM 46%

REGULATORY FREEDOM 49%

Out of 51 U.S. jurisdictions, South Dakota ranks #26 overall for its friendliness towards faith-based nonprofit organizations. South Dakota has some policies that facilitate the contributions of faith-based nonprofits: South Dakota has no corporate income tax and no charitable registration or audit requirements for religious organizations to solicit donations in the state. South Dakota, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

South Dakota

Overall Score: 47%



RELIGIOUS FREEDOM SCORE: 46%

State Constitutional Protection of Free Exercise: 0/5

The South Dakota Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

South Dakota has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, South Dakota does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

South Dakota's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

South Dakota's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: 0/5

South Dakota law provides that religious worship can only be prohibited or restricted by an emergency order that applies equally to all comparable secular entities in the jurisdiction, as required by *Tandon v. Newsom*.

Blaine Amendment: -5/5

The South Dakota Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 49%

Nonprofit Religious Corporation Act: 0/5

South Dakota's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: -3/5

South Dakota law is silent as to whether a director, in the fulfillment of the director's fiduciary duties, may rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, and the law does not expressly permit a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

South Dakota has no charitable solicitation registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

South Dakota has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +5/5

South Dakota does not impose a corporate income tax.

Sales and Use Tax, Sales: -3/5

South Dakota imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: -3/5

South Dakota imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain subsets of religious organizations, such as those that exclusively work for the relief of the poor, distressed or underprivileged.

Property Tax: +1/5

South Dakota imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



South Carolina

OVERALL **53%**

RELIGIOUS FREEDOM **37%**

REGULATORY FREEDOM **77%**

Out of 51 U.S. jurisdictions, South Carolina ranks #16 overall for its friendliness towards faith-based nonprofit organizations. South Carolina has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and strong nonprofit religious corporation laws. Additionally, South Carolina has no audit requirements for religious organizations to solicit donations in the state. South Carolina, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a Blaine Amendment and laws regarding public accommodations that include no meaningful religious exemptions.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

South Carolina

Overall Score: 53%



RELIGIOUS FREEDOM SCORE: 37%

State Constitutional Protection of Free Exercise: 0/5

The South Carolina Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

South Carolina has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, South Carolina does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

South Carolina's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

South Carolina's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: +3/5

South Carolina law provides that religious worship can only be prohibited or restricted by an emergency order that: (a) applies equally to all "essential" secular entities in the jurisdiction, (b) serves a compelling governmental interest, and (c) is narrowly tailored.

Blaine Amendment: -3/5

The South Carolina Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

Last Updated: 6/8/2023



REGULATORY FREEDOM SCORE: %

Nonprofit Religious Corporation Act: +5/5

South Carolina's nonprofit corporation law includes a designated law governing the formation and operations of nonprofit religious corporations and specific provisions to protect their right to self-government in internal affairs.

Standards of Conduct for Directors of Religious Organizations: +5/5

South Carolina law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: 0/5

South Carolina generally requires charitable solicitation registration and only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: +5/5

South Carolina does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +5/5

South Carolina imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: +3/5

South Carolina imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: -3/5

South Carolina imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain items.

Property Tax: +1/5

South Carolina imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations.



South Dakota

OVERALL	47%
RELIGIOUS FREEDOM	46%
REGULATORY FREEDOM	49%

Out of 51 U.S. jurisdictions, South Dakota ranks #26 overall for its friendliness towards faith-based nonprofit organizations. South Dakota has some policies that facilitate the contributions of faith-based nonprofits: South Dakota has no corporate income tax and no charitable registration or audit requirements for religious organizations to solicit donations in the state. South Dakota, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal’s [Multi-State Compliance Matrix](#)

South Dakota

Overall Score: 47%



RELIGIOUS FREEDOM SCORE: 46%

State Constitutional Protection of Free Exercise: 0/5

The South Dakota Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

South Dakota has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, South Dakota does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

South Dakota's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

South Dakota's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: 0/5

South Dakota law provides that religious worship can only be prohibited or restricted by an emergency order that applies equally to all comparable secular entities in the jurisdiction, as required by *Tandon v. Newsom*.

Blaine Amendment: -5/5

The South Dakota Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 49%

Nonprofit Religious Corporation Act: 0/5

South Dakota's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: -3/5

South Dakota law is silent as to whether a director, in the fulfillment of the director's fiduciary duties, may rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, and the law does not expressly permit a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

South Dakota has no charitable solicitation registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

South Dakota has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +5/5

South Dakota does not impose a corporate income tax.

Sales and Use Tax, Sales: -3/5

South Dakota imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: -3/5

South Dakota imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions for certain subsets of religious organizations, such as those that exclusively work for the relief of the poor, distressed or underprivileged.

Property Tax: +1/5

South Dakota imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



Tennessee

OVERALL 50%

RELIGIOUS FREEDOM 39%

REGULATORY FREEDOM 68%

Out of 51 U.S. jurisdictions, Tennessee ranks #23 overall for its friendliness towards faith-based nonprofit organizations. Tennessee has several policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and strong protections for directors to rely on guidance from religious figures. Tennessee, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as laws regarding public accommodations that include no meaningful exemptions for religious organizations and sales tax with very limited exemptions on religious organizations' sales.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Tennessee

Overall Score: 50%



RELIGIOUS FREEDOM SCORE: 39%

State Constitutional Protection of Free Exercise: 0/5

The Tennessee Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Tennessee has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Tennessee does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

Tennessee's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Tennessee's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: +3/5

Tennessee law provides absolute statutory protection for religious worship.

Blaine Amendment: +3/5

The Tennessee Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.

REGULATORY FREEDOM SCORE: 68%

Nonprofit Religious Corporation Act: +3/5

Tennessee's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Tennessee law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: 0/5

Tennessee generally requires charitable solicitation registration and only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, Tennessee generally requires the submission of reviewed or audited financials for organizations with annual contributions greater than \$500,000.

Corporate Income Tax: +5/5

Tennessee imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Tennessee imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: +3/5

Tennessee imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Tennessee imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Texas

OVERALL 72%

RELIGIOUS FREEDOM 70%

REGULATORY FREEDOM 74%

Texas ranks #2 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the best states in which to operate a faith-based nonprofit. Texas has several policies that facilitate the contributions of faith-based nonprofits, including strong constitutional protections for free exercise of religion, constitutional language protecting religious exercise during a state of emergency, strong protections for directors to rely on guidance from religious figures, and a broad exemption from charitable registration laws. Additionally, Texas does not impose audit requirements as a condition of maintaining authorization to fundraise in the state. Texas, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and very limited exemptions from sales tax on religious organizations' sales.

Texas

Overall Score: 72%



RELIGIOUS FREEDOM SCORE: 70%

State Constitutional Protection of Free Exercise: +5/5

The Texas Constitution, in the constitutional text itself, provides stronger protections for religious free exercise or worship than the federal First Amendment, as incorporated.

State Religious Freedom Restoration Act: +3/5

Texas has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Texas does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: +5/5

Texas has no nondiscrimination laws related to public programming and facilities.

Religious Freedom for Faith-Based Employers: -3/5

Texas' nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: +5/5

Texas has constitutional language protecting religious exercise during a state of emergency.

Blaine Amendment: -5/5

The Texas Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 74%

Nonprofit Religious Corporation Act: +3/5

Texas' nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Texas law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +5/5

Texas generally requires charitable solicitation registration but provides a broad, automatic exemption for religious organizations.

Audit Requirements Pursuant to Charitable Registration: +5/5

Texas does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +1/5

Texas imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: -3/5

Texas imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: +3/5

Texas imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +1/5

Texas imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



Utah

OVERALL

37%

RELIGIOUS FREEDOM

29%

REGULATORY FREEDOM

50%

Utah ranks #44 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the worst states in which to operate a faith-based nonprofit. Utah has some policies that facilitate the contributions of faith-based nonprofits, including no audit requirement to solicit donations in the state and strong protections for directors to rely on guidance from religious figures. Utah, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as no RFRA and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Utah

Overall Score: 37%

RELIGIOUS FREEDOM SCORE: 29%

State Constitutional Protection of Free Exercise: 0/5

The Utah Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Utah has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Utah's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

Utah's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Utah law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -3/5

The Utah Constitution contains a Blaine Amendment that could prevent the participation of faith-based schools in generally available public benefit programs on the same terms as similarly situated secular schools. This is not as broad as a general Blaine Amendment, which prohibits all aid to faith-based institutions, but is still detrimental to the work of faith-based institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 50%

Nonprofit Religious Corporation Act: -3/5

Utah's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +5/5

Utah law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: 0/5

Utah generally requires charitable solicitation registration and only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: +5/5

Utah does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +1/5

Utah imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: +3/5

Utah imposes a sales and use tax on religious organizations' sales but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' sales upon application.

Sales and Use Tax, Purchases: +3/5

Utah imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +1/5

Utah imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



Vermont

OVERALL

39%

RELIGIOUS FREEDOM

23%

REGULATORY FREEDOM

63%

Vermont ranks #42 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations. Vermont has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and no statewide charitable registration or audit requirements to solicit donations in the state. Vermont, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as no RFRA and laws regarding public accommodations and employment that include only narrow exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Vermont

Overall Score: 39%



RELIGIOUS FREEDOM SCORE: 23%

State Constitutional Protection of Free Exercise: 0/5

The Vermont Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Vermont has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -3/5

Vermont's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide only narrow accommodations or exemptions related to the celebration or solemnization of a marriage.

Religious Freedom for Faith-Based Employers: -3/5

Vermont's nondiscrimination laws related to employment have only narrow exemptions.

Protections for Religious Exercise in State of Emergency: -3/5

Vermont law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +3/5

The Vermont Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 63%

Nonprofit Religious Corporation Act: 0/5

Vermont's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

Vermont law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +5/5

Vermont has no charitable solicitation registration requirements. Some local governments may have registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

Vermont has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +5/5

Vermont imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Vermont imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain organizations.

Sales and Use Tax, Purchases: +3/5

Vermont imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +1/5

Vermont imposes property tax and provides only fragmented property tax exemptions that apply only to a narrow category of religious and/or charitable property uses, such as churches, schools, hospitals, and related outbuildings.



Virginia

OVERALL

39%

RELIGIOUS FREEDOM

33%

REGULATORY FREEDOM

47%

Virginia ranks #43 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the worst states in which to operate a faith-based nonprofit. Virginia has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status and a RFRA statute. Virginia, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment, sales tax with only narrow exemptions on religious organizations' sales, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Virginia

Overall Score: 39%



RELIGIOUS FREEDOM SCORE: 33%

State Constitutional Protection of Free Exercise: 0/5

The Virginia Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

Virginia has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, Virginia does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

Virginia's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Virginia's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: -3/5

Virginia law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Virginia Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 47%

Nonprofit Religious Corporation Act: -3/5

Virginia's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

Virginia law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Virginia generally requires charitable solicitation registration but offers a narrow automatic exemption for certain religious organizations, such as churches, and generally offers other narrow fragmentary exemptions upon application.

Audit Requirements Pursuant to Charitable Registration: -3/5

As a condition of maintaining authorization to fundraise in the state, Virginia generally requires the submission of: (a) reviewed financials for organizations with revenue of \$750,000 or more but less than \$1,000,000, and (b) audited financials from organizations with annual contributions of \$1,000,000 or more.

Corporate Income Tax: +5/5

Virginia imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Virginia imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items, such as occasional sales of food items.

Sales and Use Tax, Purchases: +3/5

Virginia imposes a sales and use tax on religious organizations' purchases and provides an automatic, comprehensive, narrow entity-based exemption, with supplementary entity-based exemptions generally available upon application.

Property Tax: +3/5

Virginia imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Washington

OVERALL 46%

RELIGIOUS FREEDOM 40%

REGULATORY FREEDOM 55%

Out of 51 U.S. jurisdictions, Washington ranks #29 overall for its friendliness towards faith-based nonprofit organizations. Washington has some policies that facilitate the contributions of faith-based nonprofits, including specific provisions in the nonprofit corporation laws to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. Washington, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment and no RFRA.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Washington

Overall Score: 46%



RELIGIOUS FREEDOM SCORE: 40%

State Constitutional Protection of Free Exercise: +3/5

The Washington Constitution has been interpreted by the Washington Supreme Court to provide stronger protections for religious free exercise or worship than the federal First Amendment.

State Religious Freedom Restoration Act: -5/5

Washington has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -3/5

Washington's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide accommodations or exemptions but only for a narrow spectrum of religious organizations, such as educational facilities operated by a religious institution.

Religious Freedom for Faith-Based Employers: +3/5

Washington's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Washington law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Washington Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 55%

Nonprofit Religious Corporation Act: +3/5

Washington's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: 0/5

Washington law permits a director, in the fulfillment of the director's fiduciary duties, to rely only on the opinions of individuals retained by the corporation, and does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: +3/5

Washington generally requires charitable solicitation registration but offers a narrow automatic exemption for certain religious organizations, such as churches.

Audit Requirements Pursuant to Charitable Registration: -1/5

As a condition of maintaining authorization to fundraise in the state, Washington requires the submission of reviewed or audited financials for organizations with annual contributions greater than \$1 million.

Corporate Income Tax: -3/5

Washington imposes a statewide business and excise tax, provides no automatic exemptions, and offers only fragmented exemptions upon application.

Sales and Use Tax, Sales: -3/5

Washington imposes a sales and use tax on religious organizations' sales and only provides limited exemptions.

Sales and Use Tax, Purchases: -3/5

Washington imposes a sales and use tax on religious organizations' purchases and only provides limited exemptions.

Property Tax: +1/5

Washington imposes property tax and provides only fragmented property tax exemptions that include only a narrow subset of religious organizations or that apply only to a narrow category of religious and/or charitable property uses.



Washington, D.C.

OVERALL

50%

RELIGIOUS FREEDOM

36%

REGULATORY FREEDOM

72%

Out of 51 U.S. jurisdictions, Washington, D.C. ranks #24 overall for its friendliness towards faith-based nonprofit organizations. Washington, D.C. has several policies that facilitate the contributions of faith-based nonprofits, including strong protections for directors to rely on guidance from religious figures. Additionally, Washington, D.C. has no Blaine Amendment and no audit requirements for religious organizations to solicit donations in the state. Washington, D.C., however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as laws regarding public accommodations that include no meaningful exemptions for religious organizations and very limited exemptions from sales tax on religious organizations' sales.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Washington, D.C.

Overall Score: 50%



RELIGIOUS FREEDOM SCORE: 36%

State Constitutional Protection of Free Exercise: 0/5

Washington, D.C. operates under the federal constitution, and thus protections for religious freedom in this jurisdiction are the required minimum protections of the First Amendment constitution.

State Religious Freedom Restoration Act: +3/5

Washington, D.C. operates under the federal RFRA, which protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny.

Religious Freedom for Nonprofits with Public Programming: -5/5

Washington, D.C.'s nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Washington, D.C.'s nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists.

Protections for Religious Exercise in State of Emergency: -3/5

Washington, D.C. law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +5/5

Washington, D.C. operates under the federal constitution, which does not contain a Blaine Amendment and has been interpreted by the United States Supreme Court to expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 72%

Nonprofit Religious Corporation Act: +3/5

Washington, D.C.'s nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate for religious purposes and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Washington, D.C. law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +3/5

Washington, D.C. generally requires charitable solicitation registration but, upon application, generally provides religious organizations with a registration exemption.

Audit Requirements Pursuant to Charitable Registration: +5/5

Washington, D.C. does not require the submission of reviewed or audited financials as a condition of maintaining authorization to fundraise in the state.

Corporate Income Tax: +1/5

Washington, D.C. imposes a corporate income tax but offers an exemption to organizations with federal 501(c)(3) exempt status upon application.

Sales and Use Tax, Sales: -3/5

Washington, D.C. imposes a sales and use tax on religious organizations' sales and only provides limited exemptions for certain items.

Sales and Use Tax, Purchases: +3/5

Washington, D.C. imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Washington, D.C. imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



West Virginia

OVERALL 39%

RELIGIOUS FREEDOM 32%

REGULATORY FREEDOM 52%

West Virginia ranks #41 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations. West Virginia has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status. West Virginia, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as sales tax with no meaningful exemptions on religious organizations' sales, a burdensome audit requirement to maintain charitable solicitation registration, and laws regarding public accommodations and employment that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

West Virginia

Overall Score: 39%



RELIGIOUS FREEDOM SCORE: 32%

State Constitutional Protection of Free Exercise: 0/5

The West Virginia Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: +3/5

West Virginia has enacted a RFRA that protects the religious free exercise of all individuals and entities by requiring government burdens on religious exercise to satisfy strict scrutiny. Since these protections originate in a statute rather than the state constitution, West Virginia does not receive the highest score for this factor.

Religious Freedom for Nonprofits with Public Programming: -5/5

West Virginia's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -5/5

West Virginia's nondiscrimination laws related to employment include no meaningful accommodations or exemptions to protect the autonomy of religious employers.

Protections for Religious Exercise in State of Emergency: -3/5

West Virginia law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: +3/5

The West Virginia Constitution does not contain a Blaine Amendment but also does not expressly protect faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions.



REGULATORY FREEDOM SCORE: 52%

Nonprofit Religious Corporation Act: 0/5

West Virginia's nonprofit corporation law mentions the option for nonprofit corporations to incorporate for religious purposes. However, the law lacks both: (a) specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs and (b) an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +3/5

West Virginia law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: 0/5

West Virginia generally requires charitable solicitation registration and only provides a religious exemption to entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: -5/5

As a condition of maintaining authorization to fundraise in the state, West Virginia requires the submission of reviewed or audited financials even for organizations with annual contributions of \$500,000 or less.

Corporate Income Tax: +5/5

West Virginia imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -5/5

West Virginia imposes a sales and use tax on religious organizations' sales and provides no meaningful exemption.

Sales and Use Tax, Purchases: +3/5

West Virginia imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

West Virginia imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Wisconsin

OVERALL 32%

RELIGIOUS FREEDOM 26%

REGULATORY FREEDOM 42%

Wisconsin ranks #48 overall out of the 51 U.S. jurisdictions for its friendliness towards faith-based nonprofit organizations, making it one of the worst states in which to operate a faith-based nonprofit. Wisconsin has some policies that facilitate the contributions of faith-based nonprofits, including an automatic exemption from state corporate income tax for religious organizations that have 501(c)(3) status. Wisconsin, however, has several policies that are burdensome to faith-based nonprofits operating in the state, such as an audit requirement to maintain charitable solicitation registration, no RFRA, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Wisconsin

Overall Score: 32%



RELIGIOUS FREEDOM SCORE: 26%

State Constitutional Protection of Free Exercise: +3/5

The Wisconsin Constitution has been interpreted by the Wisconsin Supreme Court to provide stronger protections for religious free exercise or worship than the federal First Amendment.

State Religious Freedom Restoration Act: -5/5

Wisconsin has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Wisconsin's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: -3/5

Wisconsin's nondiscrimination laws related to employment have only a narrow exemption allowing religious organizations to hire co-religionists or those who adhere to the organization's creed.

Protections for Religious Exercise in State of Emergency: -3/5

Wisconsin law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Wisconsin Constitution contains a Blaine Amendment that broadly restricts the ability of faith-based organizations to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.



REGULATORY FREEDOM SCORE: 42%

Nonprofit Religious Corporation Act: -3/5

Wisconsin's nonprofit corporation law lacks: (a) specific provisions permitting the formation of nonprofit religious corporations; (b) specific protections for religious exercise at faith-based organizations, and (c) express acknowledgement of an option for nonprofits to incorporate for religious purposes.

Standards of Conduct for Directors of Religious Organizations: +3/5

Wisconsin law permits a director, in the fulfillment of the director's fiduciary duties, to rely on the opinion of individuals who can reasonably be assumed to have expertise on a certain matter, but does not expressly allow a director to rely on guidance from religious figures within his or her faith tradition.

Charitable Registration Law: 0/5

Wisconsin generally requires charitable solicitation registration and only exempts entities that are not required to file Form 990, such as organizations classified as churches, religious orders, etc.

Audit Requirements Pursuant to Charitable Registration: -5/5

As a condition of maintaining authorization to fundraise in the state, Wisconsin requires the submission of: (a) reviewed financials for organizations with annual contributions between \$300,000 and \$500,000, and (b) audited financials for organizations with annual contributions of more than \$500,000.

Corporate Income Tax: +5/5

Wisconsin imposes a corporate income tax but automatically exempts organizations with federal 501(c)(3) exempt status.

Sales and Use Tax, Sales: -3/5

Wisconsin imposes a sales and use tax on religious organizations' sales and only provides limited exemptions.

Sales and Use Tax, Purchases: +3/5

Wisconsin imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Wisconsin imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.



Wyoming

OVERALL

50%

RELIGIOUS FREEDOM

29%

REGULATORY FREEDOM

84%

Out of 51 U.S. jurisdictions, Wyoming ranks #22 overall for its friendliness towards faith-based nonprofit organizations. Wyoming has several policies that facilitate the contributions of faith-based nonprofits, including strong nonprofit religious corporation laws and strong protections for directors to rely on guidance from religious figures. Additionally, Wyoming has no state corporate income tax and no charitable registration or audit requirements for religious organizations to solicit donations in the state. Wyoming, however, has some policies that are burdensome to faith-based nonprofits operating in the state, such as a broad Blaine Amendment, no RFRA, and laws regarding public accommodations that include no meaningful exemptions for religious organizations.

To access all applicable statutes, please visit Napa Legal's [Multi-State Compliance Matrix](#)

Wyoming

Overall Score: 50%

RELIGIOUS FREEDOM SCORE: 29%

State Constitutional Protection of Free Exercise: 0/5

The Wyoming Constitution follows in lockstep with the federal constitution's protections, meeting but not exceeding the required minimum protections of the First Amendment.

State Religious Freedom Restoration Act: -5/5

Wyoming has not enacted a RFRA and has enacted nondiscrimination laws that conflict with the beliefs of many religious organizations.

Religious Freedom for Nonprofits with Public Programming: -5/5

Wyoming's nondiscrimination laws generally restrict religious freedom for religious organizations that offer public programming and facilities and provide no meaningful religious accommodations or exemptions.

Religious Freedom for Faith-Based Employers: +3/5

Wyoming's nondiscrimination laws related to employment are broad but provide strong accommodations or exemptions to generally protect the autonomy of the vast majority of religious organizations.

Protections for Religious Exercise in State of Emergency: -3/5

Wyoming law has no explicit constitutional or statutory protections for religious exercise during a time of emergency.

Blaine Amendment: -5/5

The Wyoming Constitution contains a Blaine Amendment that broadly restricts faith-based organizations' freedom to participate in public benefit programs on the same terms as similarly situated secular institutions. Current U.S. Supreme Court precedent has rendered this language ineffective, but it could become effective in the future if Court precedent changes.

REGULATORY FREEDOM SCORE: 84%

Nonprofit Religious Corporation Act: +5/5

Wyoming's nonprofit corporation law expressly: (a) acknowledges an option for nonprofit corporations to incorporate as religious corporations and (b) includes specific provisions to protect the right of nonprofits incorporated for religious purposes to self-government in internal affairs. The law does not include an option to incorporate expressly as a nonprofit religious corporation.

Standards of Conduct for Directors of Religious Organizations: +5/5

Wyoming law permits a director to rely on guidance from religious figures within his or her faith tradition in the fulfillment of the director's fiduciary duties.

Charitable Registration Law: +5/5

Wyoming has no charitable solicitation registration requirements.

Audit Requirements Pursuant to Charitable Registration: +5/5

Wyoming has no charitable registration requirement, and therefore no audit requirement.

Corporate Income Tax: +5/5

Wyoming does not impose a corporate income tax.

Sales and Use Tax, Sales: -3/5

Wyoming imposes a sales and use tax on religious organizations' sales and only provides limited exemptions.

Sales and Use Tax, Purchases: +3/5

Wyoming imposes a sales and use tax on religious organizations' purchases but generally provides a broad and comprehensive, entity-based tax exemption for 501(c)(3) religious organizations' purchases upon application.

Property Tax: +3/5

Wyoming imposes property tax but, upon application, generally provides an exemption to religious organizations for property used for religious and/or charitable purposes.

GLOSSARY

501(c)(3) organization – In general, an entity that has applied for and received recognition of its eligibility for exemption from federal income tax under Internal Revenue Code § 501(c)(3), serving a purpose that is charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, or preventing cruelty to children or animals.**

association of churches – A group of churches that functions similarly to a denomination and is treated similarly or identically to a church or denomination.**

audited financials – A financial statement that a certified public accountant (CPA) has reviewed and confirmed adheres to general accounting principles and auditing standards. [1]

charitable registration – The process by which a charitable organization becomes authorized to solicit contributions in a jurisdiction with charitable registration requirements. Charitable organizations usually register by applying to the state agency responsible for overseeing charitable organizations.**

church autonomy doctrine – The right, based in the First Amendment, of religious institutions to manage their internal affairs free from government interference. For example, the church autonomy doctrine protects religious institutions' rights to select their members and choose their employees. [2]

concurrent jurisdiction – A situation where two or more courts or levels of government (local, state, and/or federal) simultaneously have authority over the same or similar cases. [3]

co-religionist – A person of the same religion. [4]

corporate governance – The system of rules, practices, and processes by which an organization is directed and controlled. [5]

director – A member of a board of directors, which is generally, the group of persons vested with the management of the affairs of the corporation. [6]

[1] What Is an Audited Financial Statement? Business.com, <https://www.business.com/articles/audited-financial-statement/> (last visited June 7, 2023).

[2] See Carl H. Esbeck, An Extended Essay on Church Autonomy, 22 The Federalist Society Review 244, 248 (2021).

[3] THE LAW DICTIONARY, <https://thelawdictionary.org/concurrent-jurisdiction/> (last visited June 7, 2023).

[4] MERRIAM-WEBSTER, <https://www.merriam-webster.com/dictionary/coreligionist> (last visited June 7, 2023).

[5] INVESTOPEDIA, www.investopedia.com (last visited June 6, 2023).

[6] 805 ILCS 105/101.80(d).

entity – An organization founded by one or more natural persons to facilitate specific business activities or to allow its owners to engage in a trade. [7]

Establishment Clause – The portion of the First Amendment to the U.S. Constitution that states that Congress shall make no law respecting an establishment of religion. This has been applied to the states through the Fourteenth Amendment as well. [8]

faith-based organization – An entity dedicated to a specific religious identity, often including a social or moral component. [9]

federally tax-exempt nonprofit – An organization formed as a nonprofit corporation under the applicable state law and recognized as tax-exempt under Internal Revenue Code § 501(c)(3).**

fiduciary duties – The duties of care, loyalty, and obedience that a fiduciary (director, officer, etc.) owes to the organization he/she represents. [10]

Form 990 – An informational tax form that most tax-exempt organizations must file annually with the IRS.**

franchise tax – A tax paid by certain entities for the privilege to be chartered and/or to operate in certain states. [11]

Free Exercise Clause – The portion of the First Amendment to the U.S. Constitution that states that Congress shall make no law prohibiting the free exercise of religion. This has been applied to the states through the Fourteenth Amendment as well. [12]

gross receipts tax – A tax that applies to an entity's gross sales, without deductions for business expenses, like costs of goods sold and compensation. [13]

incorporation – The legal process used to form a corporate entity or company, which separates the entity's assets and income from those of its owners and investors. [14]

[7] Business Entity Definition: Everything You Need to Know, UPCOUNSEL, <https://www.upcounsel.com/business-entity-definition> (last visited June 7, 2023).

[8] See Frederick Mark Gedicks, Incorporation of the Establishment Clause Against the States: A Logical, Textual, and Historical Account, *Indiana Law Journal*: Vol. 88: Iss. 2, Article 8 (2013).

[9] Faith Based and Religious Organizations, THE WORLD BANK, <https://www.worldbank.org/en/about/partners/brief/faith-based-organizations> (last visited June 7, 2023).

[10] Bruce R. Hopkins & David O. Middlebrook, *NONPROFIT LAW FOR RELIGIOUS ORGANIZATIONS: ESSENTIAL QUESTIONS & ANSWERS* 18-19 (2008).

[11] INVESTOPEDIA, www.investopedia.com (last visited June 6, 2023).

[12] *Cantwell v. Connecticut*, 310 U.S. 296 (1940).

[13] Gross Receipts Tax, TAX FOUNDATION, <https://taxfoundation.org/tax-basics/gross-receipts-tax/> (last visited June 7, 2023).

[14] INVESTOPEDIA, www.investopedia.com (last visited June 6, 2023).

integrated auxiliary of a church – A class of organizations that are related to a church or convention or association of churches but are not such organizations themselves.**

jurisprudence – The science, philosophy, or principles of law. Often used to describe the combination of case law and statute that governs a particular issue. [15]

nonprofit religious corporation – An organization specifically formed under and governed by a state's nonprofit religious corporation law. California is an example of a state that has specific laws governing nonprofit religious corporations. [16]

property tax – A state or local tax imposed on the assessed value of real property owned by households and business entities. [17]

public accommodation – Definition varies by state, but generally: private entities that offer facilities to the public, including but not limited to restaurants, retail stores, hotels, movie theaters, private schools, convention centers, doctors' offices, homeless shelters, transportation depots, zoos, funeral homes, day care centers, and recreation facilities including sports stadiums and fitness clubs. [18]

religious nonprofit – An entity dedicated to a specific religious identity, often including a social or moral component, that has been recognized by the Internal Revenue Service to not be liable for federal income tax, which exists for purposes other than generating profit and in which no part of the organization's income is distributed to its members, directors, or officers. [19]

reviewed financials – A financial statement that a certified public accountant (CPA) has reviewed and has given limited assurances that the statement adheres to general accounting principles and auditing standards. This review is not as comprehensive as an audit. [20]

RFRA – Acronym referring either to the federal Religious Freedom Restoration Act of 1993, or to a similar state law, which ensures the protection of religious freedom by requiring that a government burden on religious freedom must further a compelling governmental interest and be narrowly tailored to achieve that interest. [21]

[15] WEX, CORNELL LAW SCHOOL LEGAL INFORMATION INSTITUTE, <https://www.law.cornell.edu/wex> (last visited June 6, 2023).

[16] See Cal. Corp. Code § 9110–9690.

[17] Dick Netzer, Local Government Finance in PROPERTY-TAX EXEMPTION FOR CHARITIES: MAPPING THE BATTLEFIELD 52 (Evelyn Brody ed., 2002)

[18] See 775 ILCS 5/5-101(A) and Anchorage Municipal Code § 5.20.010.

[19] WEX, CORNELL LAW SCHOOL LEGAL INFORMATION INSTITUTE, <https://www.law.cornell.edu/wex> (last visited June 6, 2023).

[20] Financial statement review definition, ACCOUNTINGTOOLS, <https://www.accountingtools.com/articles/what-is-a-financial-statement-review.html> (last visited June 7, 2023).

[21] See Christopher C. Lund, Religious Liberty after Gonzales: A Look at State RFRA's, 55 S.D. L. Rev. 466, 467 (2010) Available at: <https://digitalcommons.wayne.edu/lawftp/413>.

sales tax – tax imposed on transactions transferring personal property. [21]

strict scrutiny – The highest standard of review that courts use to review a law, requiring that the law must further a compelling governmental interest and be narrowly tailored to achieve that interest. [22]

tax exclusion vs. tax exemption – A tax exclusion is when an entity or situation is outside the scope of the subjects covered by that tax law. A tax exemption is when an entity or falls within the general definition or a taxable entity/situation but is excused from taxation by another part of the applicable law. [23]

tax-exempt organization – An entity that has been recognized by the Internal Revenue Service to not be liable for federal income tax.**

unrelated business activity – A trade or business that an organization regularly engages in, which is not substantially related to the exempt purpose of the organization.**

use tax – A tax on the storage, use, or consumption of a taxable item or service on which no sales tax has been paid. Use tax is complementary to sales tax, meaning the two are mutually exclusive. [24]

**INTERNAL REVENUE SERVICE, www.irs.gov (last visited June 6, 2023).

[22] Jimmy Swaggart Ministries v. Bd. of Equalization of California, 493 U.S. 378, 381 (1990); Mark J. Cowan, Nonprofits and the Sales and Use Tax, 9 Fl. Tax Rev. 1077, 1103 (2010).

[23] WEX, CORNELL LAW SCHOOL LEGAL INFORMATION INSTITUTE, <https://www.law.cornell.edu/wex> (last visited June 6, 2023).

[24] What is the difference between sales tax and use tax? SALES TAX INSTITUTE, https://www.salestaxinstitute.com/sales_tax_faqs/the_difference_between_sales_tax_and_use_tax (last visited June 7, 2023).



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