Businesses and nonprofits can operate in all 50 states, even though the business is legally set up in one particular state. When an organization is incorporated, it is incorporated in a specific state. Often the business is incorporated in the home state of the owner or founder. Over time, the organization may choose to grow into other states.

Keep in mind that we are talking about state issues, compliance and taxes. The federal / IRS part of the equation remains the same regardless of operating in additional states or changing states.

Each of the 50 states has different rules, taxes, compliance issues, etc. Though the rules in many states are similar and filings / reporting are similar, they are not identical in most cases.

Usually, when you decide to grow into another state, you are required to file forms and reports in that particular state registering your business or organization as a foreign entity operating in that particular state. (foreign meaning you are a legal corporation in another state)

Once you are set up as a foreign entity in a particular state, you are then required to do annual filings and reporting in the 2nd state of operations, similar to the one of your home state that you are incorporating in.

Thus, in summary, if you are operating in all 50 states, you will have one home state (for legal purposes) and you will be a foreign entity in the other 49 states.