

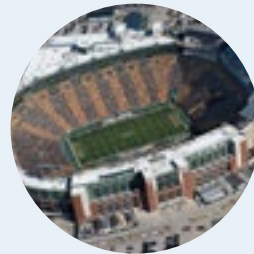
ENDOW WISCONSIN

WHAT IS AN ENDOWMENT?

- An endowed fund preserves contributions as principal and the proceeds provide an ongoing revenue stream for grants and other community investments
- Endowments are permanent
- Typically, a community foundation's spending policy makes 5% of the fund's average principal balance available for distribution annually for grants to nonprofit organizations
- Endowments at community foundations provide the communities with resources they need to respond to current needs while also providing funds for the community to change and adapt for the future

WHY ENDOW WISCONSIN?

- Endowing Wisconsin will create the opportunity to keep assets (possibly associated with intergenerational transfer) in Wisconsin that will help communities grow, change, and be the places where future generations want to live, work, and thrive
- Endow Wisconsin legislation will encourage Wisconsin citizens to invest in their communities
- Those who contribute to the permanent endowment of a local accredited community foundation would receive a tax credit
- Adoption of the tax credit may have the potential to raise significant dollars for use in communities, while making only a modest investment from state revenue



WHAT IS A COMMUNITY FOUNDATION?

- An organization supported by donations from residents of a specific geographical area which distributes its endowment funds for charitable purposes in the same general region

WHAT IS AN ACCREDITED COMMUNITY FOUNDATION?

- An accredited community foundation meets national standards developed by the Community Foundations National Standards Board
- This accreditation represents operational effectiveness that fosters excellence in community philanthropy
- More on community foundation national standards can be found at: www.cfstandards.org

TOP 10 COMMUNITY FOUNDATIONS

Based on Dollars Given, 2013 (Foundation Center)

	COMMUNITY FOUNDATION	AMOUNT GIVEN
1	Greater Milwaukee Foundation	\$30,050,000
2	Community Foundation for the Fox Valley Region	\$15,853,187
3	Madison Community Foundation	\$9,642,156
4	Greater Green Bay Community Foundation	\$4,197,891
5	Oshkosh Area Community Foundation	\$4,057,085
6	La Crosse Community Foundation	\$3,914,325
7	Racine Community Foundation	\$2,598,756
8	Community Foundation of Southern Wisconsin	\$2,137,193
9	St. Croix Valley Foundation	\$1,652,485
10	Community Foundation of North Central Wisconsin	\$1,497,517

SUCCESSFULLY ENDOWED STATES

LEGISLATION BASICS

IOWA

- 1 A 25% tax credit is available to a permanent endowment fund established for the benefit of an Iowa charitable cause; however, the maximum credit they receive may not exceed 5% of the total amount (i.e. \$6 million in 2014) available each year
- 2 Gifts have to be made to a qualified community foundation or affiliate
- 3 Credits are non-refundable but can be carried forward for five years
- 4 Current tax credit limit is \$6 million total, with an effort underway to increase it to \$7.5 million

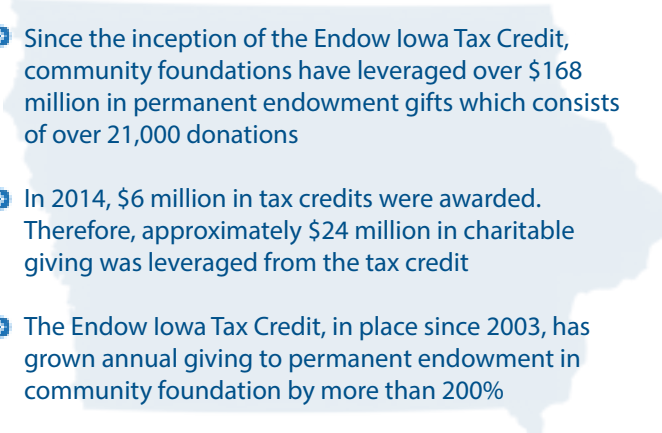
NORTH DAKOTA

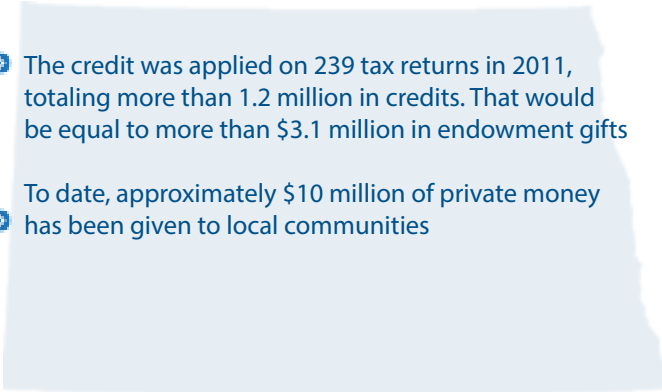
- 1 Endow North Dakota started in 2011. Individuals can make a qualified deferred gift to a qualified North Dakota nonprofit organization
- 2 The tax credit is 40% of the charitable deduction allowed by the IRS up to a maximum of \$10,000 per year per taxpayer or \$20,000 per year per joint filers
- 3 In addition, gifts to all non-profits with endowments are eligible for tax credit. North Dakota did not cap the set aside amount for the tax credit


KENTUCKY

- 1 As part of the Endow Kentucky Initiative, the General Assembly authorized \$1 million in state tax credits in each biennium for a gift to permanent endowment fund of a qualified community foundation
- 2 The tax credit is 20% of the value of the gift, with a \$10,000 maximum tax credit. The credit may be taken against individual income tax, corporation income tax and limited liability entity tax
- 3 Any approved tax credit that cannot be used by the taxpayer during a particular taxable year may be carried forward for use in a subsequent taxable year(s), for a period not to exceed five (5) years

POSITIVE RESULTS

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- 1 Since the inception of the Endow Iowa Tax Credit, community foundations have leveraged over \$168 million in permanent endowment gifts which consists of over 21,000 donations
 - 2 In 2014, \$6 million in tax credits were awarded. Therefore, approximately \$24 million in charitable giving was leveraged from the tax credit
 - 3 The Endow Iowa Tax Credit, in place since 2003, has grown annual giving to permanent endowment in community foundation by more than 200%

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- 1 The credit was applied on 239 tax returns in 2011, totaling more than 1.2 million in credits. That would be equal to more than \$3.1 million in endowment gifts
 - 2 To date, approximately \$10 million of private money has been given to local communities

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- 1 The tax credits have brought in almost \$12 million in private money for local communities
 - 2 Thirty-five percent of charitable dollars given to endowments was in rural counties

ENDOWED STATES IN PROGRESS

WHAT ARE OTHER STATES PROPOSING?

MINNESOTA

- 1 Those who contribute to the permanent endowments of local community foundations could receive a tax credit of 25% for gifts between \$5,000 and \$100,000 annually (ranging from a minimum tax credit of \$1,250 to a maximum of \$25,000)
- 2 Up to \$4 million in tax credits could be awarded each year
- 3 Provisions would sunset in 15 years

OHIO

- 1 Any taxpayer could receive a tax credit for charitable gifts to a permanent endowment at an eligible community foundation
- 2 Donors could receive a 50% credit on gifts up to \$1,000 (aggregated) and a 20% credit on contributions over \$1,000. The nonrefundable tax credit limit would be set at up to \$10,000 for individuals and \$20,000 for joint filers
- 3 The total pool of credits available from the state would be set at \$20 million
- 3 Provisions would sunset in 2019

INDIANA

- 1 The credit could be equal to 25% of the endowment gift. The maximum amount of credits granted to a taxpayer may not exceed 5% of the total approved for the fiscal year
- 2 The total amount of tax credit that could be given out is \$6 million in a state fiscal year. Ten percent of the aggregate amount of credits approved would be reserved for endowment gifts that were \$30,000 or less
- 2 A taxpayer could carry forward an unused credit for five consecutive taxable years, beginning with the taxable year after the endowment gift was made

ILLINOIS

- 1 Taxpayers could receive income tax credit if they provide an endowment gift to a permanent endowment fund
- 2 The credit could be equal to 50% of the endowment gift and may be carried forward for five years
- 2 Up to \$5 million in 2015, \$12.5 million in 2016, and \$25 million in 2017 in tax credit could be awarded
- 2 Any single taxpayer would not exceed \$500,000 in tax credit in 2015

ENDOW WISCONSIN TASKFORCE



Appleton, Fond du Lac, Janesville, Madison, Marshfield, Milwaukee, Oshkosh, Superior, Waukesha, Wausau, Wisconsin Rapids