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April 18, 2018

Rep. Greg Davids, Chair
Taxes Committee
Minnesota House of Representatives
585 State Office Building
Saint Paul, MN 55155

Rep. Paul Marquart, Minority Lead
Taxes Committee
Minnesota House of Representatives
261 State Office Building
Saint Paul, MN 55155

Dear Chair Davids and Rep. Marquart:

Re: Charitable Giving and Federal Tax Conformity
HF2339 (Rosenthal) HF3464 (Davids)

Adjustments in the federal standard deduction and federal treatment of the estate tax are projected to significantly reduce charitable giving. The Minnesota Council on Foundations urges you to **make expanding charitable giving and philanthropy in Minnesota a priority** for inclusion in your tax plan to address the effects of the 2017 changes in federal tax law.

Including the following two provisions in the House tax bill will address this unintended effect of the new law and support Minnesota's tradition of charitable giving and philanthropy.

HF2339 (Rosenthal) – Endow Minnesota Tax Credit

Endow Minnesota will temporarily provide a tax credit of 25% for charitable contributions of up to \$100,000. Eligible contributions would be made to the permanent endowments managed by Minnesota's community foundations. This bill provides a strategy to **address the unique, generational transfer of wealth that is estimated to be \$47.9 billion** between 2011 and 2031. Endow Minnesota introduces to Minnesotans, who may for the first time in their lives have access to significant wealth, the opportunity to create a legacy asset that permanently benefits the community where they raised their families, did their work and earned their wealth.

House authors of Endow Minnesota include *Reps. Rosenthal, Davids, Marquart, Lien, Poston, Schomacker, Theis, Kiel, Johnson, C., Slocum, Metsa, Schultz and Fischer.*

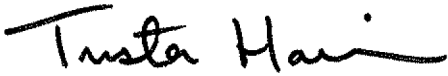
HF3464 (Davids) – Charitable Giving Tax Deduction Expansion

While there continues to be a federal charitable giving tax deduction, the change in the standard deduction reduces the number of people affected by this tax incentive, and thereby, reduces its impact. Expanding Minnesota's charitable giving tax deduction to include any individual who claims the standard federal tax deduction helps to restore this important giving-incentive, at least for Minnesotans.

As community foundations, we link Minnesota donors with nonprofits, local governments, faith communities and civic groups to create assets to meet current and future needs, often in perpetuity. We ask that through your efforts to achieve tax conformity and to avoid any undesirable or unintended effects of the new federal

tax law that you create opportunity for charitable giving, philanthropy and the ability of Minnesota's independent sector to meet critical needs and create Minnesota's high quality of life.

Sincerely,



Trista Harris, President
Minnesota Council on Foundations



Bob Tracy, Director of Public Policy
Minnesota Council on Foundations

Jennifer Woodford, President
Rochester Area Foundation

Steve Joul, President & CEO
Community Giving

Timothy J. Beaton, Executive Director
 Fargo Moorhead Area Foundation

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Central Minnesota Community
Foundation

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Alexandria Area Community Foundation

Eric Jolly, President & CEO
The Saint Paul and Minnesota
Community Foundations

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Brainerd Lakes Area Community Foundation

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The Minneapolis Foundation

Dean Penk, Chair
Golden Valley Community Foundation

Jackie Reis, Executive Director
Greater White Bear Lake Community
Foundation

Mike Krance, Executive Director
Northfield Shares

Tim Penny, President & CEO
Southern Minnesota Initiative
Foundation

Matt Varilek, President
Initiative Foundation

Diana Anderson, President/CEO
Southwest Initiative Foundation

Anna Wasescha, President
West Central Initiative

Emily Crabtree, Executive Director
Luverne Area Community Foundation

Jeni Arnold, Executive Director
Winona Community Foundation