



MINNESOTA COUNCIL
ON FOUNDATIONS

Endow Minnesota Bill Summary

Key Goals:

- Take advantage of generational transfer of wealth by promoting legacy giving
- Use the tool of community foundations to create permanent assets to support community development through the work of community foundations and their partnerships with tax exempt organizations

Attribute	Summary Description	Bill Reference
Tax Credit Provisions	25% credit for contributions to permanent endowments held by community foundations eligible to participate in the Endow MN tax credit program. Credits may be claimed for minimum annual contributions of \$5,000 up to a maximum of \$100,000. Unclaimed credits may be carried over for use in subsequent tax years.	Lines 2.1 to 2.31
Eligible Contribution	<p>The contribution may benefit either the work of the community foundation or nonprofit or faith-based group working in partnership with community foundation to manage its endowment.</p> <p>It must be an endowment gift that is permanently held by the community foundation. This is a gift that may support the work of the community foundation or on behalf of another tax exempt organization.</p>	Lines 3.24 to 3.27 Lines 3.30.to 4.2
Eligible Community Foundation.	<p>A community foundation must be located in Minnesota or a nearby state and serve a metropolitan statistical area that includes a demonstrable Minnesota communities.</p> <p>It must have a Minnesota impact, a community-based board of directors and broad interests in its grantmaking. In other words, it cannot be controlled by or operated to support a single organization.</p> <p>It must either be certified as a community foundation through its MCF members or though national certification by the Council on Foundations.</p>	Lines 3.1 to 3.29

Attribute	Summary Description	Bill Reference
Qualified Taxpayer	Individual, estate, trust, insurance company or corporation that pays taxes in Minnesota.	Lines 4.5 to 4.6
Restrictions	No “double-dipping.” Cannot claim both MN charitable giving tax deduction <i>and</i> Endow MN tax credit for the Endow MN – eligible contribution.	Lines 1.9 to 1.22
Nonrefundable	These are nonrefundable credits	Lines 7.5 to 7.7
Credit Carry-over	Unused credits can be carried over to the next tax year. The carry-over provision extends to the year following the end of the tax credit program.	Lines 7.8 to 7.14
Tax Expenditure Budget Limits	\$4 million in credits will be available annually.	Lines 4.5 to 4.9
Sunset Provision	The program is intended to take advantage of the unique, baby-boomer generation transfer of wealth. The program sunsets after 14 years (tax year 2031)	Lines 7.15 to 7.17
Administration	Department of Revenue is the program administrator. \$50K is appropriated annually for administration. The Department may subcontract with an entity to help administer the program and may also solicit private funds to assist with administrative and reporting expenses.	Lines 5.21 to 5.25 Lines 6.18 to 6.22
Certification of Credits	Credit certifications are awarded on a first come, first serve basis. There is an 8 month hold back on credits to encourage availability to smaller donors (under \$30,000) and distribution across community foundations of various sizes.	Lines 4.10 to 5.20
Reports and Assessment	Biennial reports are to be made to the legislature. Reports will describe: <ul style="list-style-type: none"> - Amount of credits use - Amount of contributions stimulated by credit - Change in grants - Designated funds created to benefit other tax exempt organizations - Distribution of credits among community foundations - Qualitative description of impact of community foundations’ work in the communities they serve <p>The initial biennial report in 2019 is to include an assessment of the feasibility of expanding the tax credit to include all nonprofits.</p>	Lines 6.1 to 6.17

MCF advocates to (a) expand philanthropy, charitable giving and Minnesota’s community of grantmakers, and to (b) create prosperity for Minnesota through inclusion and equity and by eliminating disparities.

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