

IOWA COMMUNITY FOUNDATIONS

Community foundations harness giving for local needs. They bring together the financial resources of individuals, families, and businesses to support effective nonprofits and charitable causes – right in their own communities. Community foundations serve a specific geographic region; in Iowa we have more than 130 covering all 99 counties. We have built one of the strongest networks in the nation, thanks to generous Iowans and two highly successful state-legislated programs. Iowa Community Foundations have identified a few ways we need support from the Legislature to sustain and maximize these programs.

ENDOW IOWA TAX CREDITS:

1

OFFER A 25% STATE INCOME TAX CREDIT

to donors who make gifts to an endowed fund at a qualified community foundation* in Iowa;

2

ARE AWARDED ON A

first-come, first-served basis;

3

OFFER A MAXIMUM ANNUAL CREDIT OF

\$100,000 per taxpayer & \$200,000 per couple (beginning 1/1/23);

4

CAN BE CLAIMED BY

individuals, businesses, or financial institutions;

5

AND ARE NOT

transferable or refundable.

**Qualified community foundations are confirmed in compliance with the National Standards for U.S. Community Foundations.*

Demand has outpaced available credits for several years, resulting in a long waitlist.



ALL 2022 CREDITS
AWARDED

SEPT 13, 2021



ALL 2023 CREDITS
ALLOCATED

MARCH 30, 2022



ALL NEW GIFTS
WAITLISTED UNTIL

JULY 1, 2023

However, the waitlist process will be discontinued on July 1, 2023.

The Iowa Economic Development Authority has communicated that they do not have the authority to oversee and administer tax credit waitlists. They plan to discontinue the waitlist process which will cause the program to shut down. The Legislature has the authority to address this challenge and keep the program working for Iowans.

COUNTY ENDOWMENT FUND PROGRAM:

Through the County Endowment Fund Program (CEFP), 0.8% of the state's commercial gaming tax revenue is distributed to community foundations in the 84 counties that do not hold a state-issued gaming license. The community foundations then annually grant **75%** of those funds to nonprofits and charitable projects within their counties and place the remaining **25%** of funds in a permanent endowment fund, which is intended to attract other donations and provide a source of permanent funding for charitable projects within the county – *forever*.

ABOUT QUALIFIED SPONSORING ORGANIZATION GRANTMAKING:

There are 15 counties with state-licensed gaming facilities that do not participate in the program. However, each of those gaming facilities funds a nonprofit entity, a Qualified Sponsoring Organization (QSO), that distributes charitable grants on their behalf in their area. Through both efforts, charitable investments are made annually in each county throughout Iowa.

OUR GOALS

ENDOW IOWA:

- Make tax credits readily available for all Iowans.
- Avoid closing the program down when waitlist process ends.
- Right-size the program by making \$7M in credits available annually.
- Make Endow Iowa tax credits available to more Iowans.

COUNTY ENDOWMENT FUND PROGRAM + QSO GRANTMAKING:

- Increase the amount of annual grantmaking available in each of Iowa's 99 counties.
- Distribute funds through community foundations and QSOs that have well established processes.
- Utilize local leaders as decision makers to meet community needs.

Assumptions (based on the HF 2566 fiscal note): Annual tax receipts from sports wagering and internet fantasy sports contests will likely exceed \$6.1M annually. \$1.75M will continue to be appropriated to the DHHS for the purposes of gambling treatment as outlined in Iowa Code Section 135.150.

Last year HF 2566 was passed out of the House 87-6. This bill allocated the dollars in the sports gambling fund to be appropriated through the County Endowment Fund Program. We hope to strengthen this bill with an expanded approach this session.

OUR ASK FOR 2023

PART 1

Appropriate a one-time amount of \$7M to the Endow Iowa tax credit program as outlined in Iowa Code Section 15E.305 to eliminate the waitlist within IEDA.

PART 2

Continue to appropriate \$1.75M to the Gambling Treatment Program outlined in Iowa Code Section 135.150.

PART 3

Appropriate \$1M to Endow Iowa (15E.305), increasing the credit from \$6M to \$7M annually.

PART 4

The remaining amount of sports gambling taxes paid shall be divided between the 99 counties evenly through:

- the County Endowment Fund Program created in section 15E.311 (84 non-gaming counties); and
- the QSOs (15 gaming counties) for annual grantmaking purposes.

NATIONALLY ACCREDITED IOWA COMMUNITY FOUNDATIONS:

Cedar Falls Community Foundation
Community Foundation for Western Iowa
Community Foundation of Carroll County
Community Foundation of Greater Des Moines
Community Foundation of Greater Dubuque
Community Foundation of Greater Muscatine
Community Foundation of Johnson County
Community Foundation of Northeast Iowa
Community Foundations of Southwest Iowa/Omaha Community Foundation

Fort Dodge Community Foundation & United Way
Greater Cedar Rapids Community Foundation
Greater Poweshiek Community Foundation
Keokuk Area Community Foundation
Pella Community Foundation
Quad Cities Community Foundation
Siouxland Community Foundation
Waterloo Community Foundation

To locate and learn more about your local community foundation, please visit www.IowaCommunityFoundations.org.

Endow Iowa and the County Endowment Fund Program are administered by the Iowa Economic Development Authority. Since 2004, the Iowa Council of Foundations has served as the state's Lead Philanthropic Entity for both programs.