

CURRENT BILLS

- **HSB122** – Incorporates our ask (see below)
 - Per [the most recent fiscal note](#), this would be a potential ~\$4.3M+ boost to CEFPP annually. The per county increase would be in the ballpark of \$50,000 annually, based on sports gaming receipt data to-date. There would be a larger bump for FY23, as there are carry forward funds from previous years.

OUR ASKS/WHAT IS IN THE BILLS

- Appropriate a one-time amount of \$7M to the Endow Iowa tax credit program as outlined in Iowa Code Section 15E.305 to significantly reduce the waitlist within IEDA.
- Continue to appropriate \$1.75M to the Gambling Treatment Program outlined in Iowa Code Section 135.150.
- Appropriate \$1M to Endow Iowa (15E.305), increasing the credit from \$6M to \$7M annually.
- 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

OUR GOALS

- Avoid closing the Endow Iowa program when Iowa Economic Development Authority discontinues the waitlist process on 7/1/23.
- Make more tax credits available for more donors throughout the state.
- Eliminate the lengthy delays for donors between making a gift and receiving a credit.
- 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.

THE PROGRAM WORKS: ENDOWMENTS ARE GROWING IN IOWA

This program is building endowments that benefit Iowans in communities across Iowa providing permanent resources, building the capacity and strength of Iowa communities now and forever. Last year alone, grants from Endow Iowa qualified endowment funds were made in every county, totaling more than \$24M! These grants are investments in Iowa communities that will improve quality of life; improve educational opportunities; and spur economic growth and development.

Quick figures for accredited community foundations and their affiliates:

Assets as of 6-30-22	
Permanent Endowment	Total
\$1,137,825,744.16	\$1,552,505,805.88

Snapshot of Endow Iowa eligible funds at accredited community foundations and their affiliates:

For Calendar Year 2021	
Gifts to	Grants from
\$68.2M	\$24.1M

INCREASING DEMAND

The demand for this unique program continues to grow. Endow Iowa Tax Credits are exhausted earlier and earlier each year.

- All 2020 credits were allocated before the end of 2019; all 2021 credits were allocated by December 15, 2020; all 2022 credits were allocated by September 13, 2021; and all 2023 credits were allocated via a waitlist by March 30, 2022.
- Thus, all gifts made from March 30, 2022, through June 30, 2023, will be added to the 2024 waitlist and gifts after June 30, 2023 will not be eligible until IEDA re-opens the application once the waitlist is cleared.

ENDOW IOWA IS DIFFERENT THAN OTHER TAX CREDITS

- Endow Iowa Tax Credits are not transferable or refundable.
- All Iowans are eligible to receive Endow Iowa if they make a gift to an endowment fund at a qualified CF in Iowa.
- Endow Iowa leverages four private dollars for every public dollar invested.
- The money that is leveraged through Endow Iowa stays in Iowa and continues to grow – forever.
- Endow Iowa benefits Iowans in both urban and rural areas of our state.

LEGISLATIVE FOCUS

- We are appreciative that Endow Iowa has been kept whole and allowed to continue to support philanthropy in Iowa.
 - With changes to the federal tax laws including doubling the standard deduction, fewer taxpayers will be claiming itemized charitable deductions. Endow Iowa is more important now than ever, as this tax credit still encourages Iowans to contribute to their communities and receive a tax benefit in return.
 - Without these credits we would see a decrease in donors, including recurring and first-time donors contributing to endowed funds.
 - Endow Iowa is a critical part of support for Iowa's communities and nonprofits.

PROGRAM BASICS

- Community foundations are grantmaking public charities dedicated to improving people's lives in a defined geographic area. They bring together the financial resources of individuals, families, and businesses to support effective nonprofits in their communities.
- Endow Iowa: Gifts must be made to a permanent endowment fund at a qualified community foundation in Iowa.
 - A permanent endowment fund is a fund held at a qualified community foundation to provide benefit to charitable causes in the state of Iowa. Endowed funds are intended to exist in perpetuity, and to implement an annual spend rate, which is not to exceed 5 percent.
 - Endowment funds will grow in perpetuity and, as a result, annual fund payouts will grow, leading to larger investments in community programs and projects in the future.
- 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 which do not hold a state-issued gaming license.
 - The CFs 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.
 - There are 15 counties with state-licensed gaming facilities that do not participate. However, each of those gaming facilities funds a nonprofit entity which distributes charitable grants on their behalf in their area. Through both programs, charitable investments are made annually in each county throughout Iowa.

BENEFITS OF THE ENDOW IOWA TAX CREDIT & COUNTY ENDOWMENT FUND PROGRAM

- ***Creates charitable giving vehicles in communities of all sizes.*** Endow Iowa and the CEFP create and provide the tools and vehicles in communities *of all sizes* to create endowment funds while strengthening existing CFs. *Since the inception, Iowa CFs have leveraged more than \$359M in endowment fund gifts through more than 45,000 donations.*
- ***Encourages contributions that provide support NOW and in the future.*** Endow Iowa is an effective incentive for donors to make charitable contributions now and in the future. Endow Iowa establishes community endowments which create eternal financial sources to fund community betterment. To date, more than 130 community foundations/affiliates have been formed to provide long-term endowment vehicles for good in Iowa.
- ***Develops local community leadership.*** *Endow Iowa and CEFP encourage leaders to mobilize community organizations and encourage charitable contributions.* Community endowments help citizens promote, plan and prepare for the future and manifest their own community visions. More than 1,200 Iowa leaders serve Iowa CFs.
- ***Provides a new opportunity for collaboration.*** Endowment funds may be unrestricted for broad community needs, support scholarships, be designated for a specific area of interest, be an endowment for a nonprofit or be a donor-advised fund allowing families to teach the value of giving to young Iowans. *Businesses, individuals, families, and nonprofits all come together to build endowments for a collective future.*