

STRENGTHENING & GROWING PHILANTHROPY IN IOWA

Iowa is home to one of the strongest philanthropic networks in the nation, thanks to generous Iowans and two highly successful state-legislated programs. **HOUSE STUDY BILL 122** will sustain and maximize these programs moving forward.

WHO WE ARE

COMMUNITY FOUNDATIONS:

Community foundations harness giving for local needs by bringing together the financial resources of individuals, families, and businesses to support local nonprofits and charitable causes. Community foundations serve a specific geographic region and are led by local leaders who serve on their boards or advisory committees. In Iowa, we have more than 130 that collectively serve all 99 counties.

QUALIFIED SPONSORING ORGANIZATIONS (QSOs):

Each of the 19 commercial casinos located in 15 Iowa counties is required to share its license with a Qualified Sponsoring Organization (QSO). Led by local boards of directors, QSOs receive a contractual percentage portion from their respective casinos' gaming revenue to annually reinvest in numerous charitable projects.

OUR GRANTMAKING

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*.

Sixteen QSOs distribute state-mandated charitable gaming contributions in dozens of counties annually. State studies indicate that competition from neighboring states could reduce gaming revenue by as much as **35%** in some counties, with associated impact on local philanthropic support.

Together, community foundations and QSOs ensure that charitable investments are made annually in each county throughout Iowa. We need your help to ensure both programs can continue to support Iowans today and in the future.

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. **SUPPORT HSB122 TO:**

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 significantly reduce 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)
- the QSOs (15 gaming counties) for annual grantmaking purposes

ENDOW IOWA

Complementary to this grantmaking, Endow Iowa tax credits help community foundations build local endowment funds to meet current and future community needs. Endow Iowa tax credits:

OFFER A 25% STATE INCOME TAX CREDIT

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

ARE AWARDED ON A

first-come, first-served basis;

OFFER A MAXIMUM ANNUAL CREDIT OF

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

CAN BE CLAIMED BY

individuals, businesses, or financial institutions;

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



ALL 2023 CREDITS

ALLOCATED



ALL NEW GIFTS

WAITLISTED THROUGH

SEPT 13, 2021

MARCH 30, 2022

JUNE 30, 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.

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

QUALIFIED SPONSORING ORGANIZATIONS (QSOs):

Black Hawk County Gaming Association
Clarke County Development Corporation
Clinton County Development Association
Dubuque Racing Association
Grow Greene County Gaming Corporation
Iowa West Racing Association

Lyon County Riverboat Foundation
Missouri River Historical Development
Palo Alto County Gaming Development
Corporation
Prairie Meadows
Regional Development Authority

Scott County Regional Authority
Southeast Iowa Regional Riverboat
Commission
Upper Mississippi Gaming Corporation
Washington County Riverboat Foundation
Worth County Development Authority

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.