

2011 SENATE FINANCE AND TAXATION

SB 2160

# 2011 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee  
Lewis and Clark Room, State Capitol

SB 2160  
1/17/2011  
Job Number 12929

Conference Committee

*A. Rothmiller*

## Explanation or reason for introduction of bill/resolution:

Relating to a financial institutions tax credit for charitable gifts to qualified endowments by financial institutions

## Minutes:

Written Testimony Attached

**Chairman Cook** opened the hearing on SB 2160 relating to a financial institutions tax credit for charitable gifts to qualified endowments by financial institutions.

**Senator Robinson, District 24** – We have several members of the charitable giving industry here today who can speak very eloquently about the background and putting this bill together. I would ask you give this bill a good hearing but the folks here that are going to speak on it can speak in detail. The importance of this bill, it is a tool that we would use in the charitable giving industry and working in that industry personally in my private life, we need all tools we can get. I think there is a lot of merit to SB 2160.

**Kevin Dvorak, North Dakota Community Foundation** – (See attached testimony A and A1 in support of SB 2160)

**Senator Krebsbach** – I was asked to prime sponsor this bill for the assistance of the charitable organizations in this state to add strictly the area of banking. And that is the only change as far as I know of.

**Gordon Binek, Executive Director, Bismarck State College Foundation** – (See attached testimony B in support of SB 2160)

**Vice Chairman Miller** asked Gordon Binek how many students that are not North Dakota residents qualify under his foundation.

**Gordon Binek** said they do not differentiate between North Dakota and students from other states however the vast majority of the applicants are from North Dakota, South Dakota, or Montana. He would say about 90% of the recipients are North Dakota students.

**Dana Schaar, Executive Director, North Dakota Association of Nonprofit Organizations** - (See attached testimony C in support of SB 2160)

**Chairman Cook** asked for clarification on the percentages listed in testimony C. He called Kevin Dvorak forward to clarify.

**Kevin Dvorak, North Dakota Community Foundation** – As far as the tax credits, it's a little bit complicated in that the credit is 40% of the gift, up to \$10,000 per corporate tax payer. It could have been a gift of \$100,000 and they only got a \$10,000 tax credit. The gifts could be substantially greater than 60% plus 40% of that credit. It does encourage them to give because it gives them that tax credit, but it doesn't limit that to just whatever they can get up to 40% credit for. They can take the credit up to 4 years.

**Gordon Binek, Executive Director, Bismarck State College Foundation** – There was an earlier question about how it relates to the federal tax deduction. On a federal income tax you get a charitable deduction, it's a deductible expense like your medical insurance or your real estate taxes, that kind of thing. So you get whatever your tax rate is. If you give \$100,000 and your tax rate is 30% you might get \$30,000 benefit on your taxes on the federal level. In addition to that there is an add back on the state before this credit is taken so you don't double dip on the state income taxes in that respect.

**Chairman Cook** asked for testimony opposed to SB 2160. No one came forward.  
**Chairman Cook** asked for neutral testimony for SB 2160. No one came forward.

**Senator Dotzenrod** – This imposes the tax, these 12 sections. Is it just a tax that's imposed on financial institutions only in those 12 sections? There aren't any other organizations that get taxes in there in addition to financial institutions. The way I understand it, the way that the credit would work is that it would be independent of the level of income. Whether the income for that institution was very high or quite low the credit would always be 40% of the gift.

**Senator Hogue** – I was hoping someone could speak to the other part of the bill that references the individual tax credit on page 4 of the bill. When I look at the statute I wasn't sure why we need a 2a and a 2b. And my other question relates to Senator Dotzenrod's comment in the same chapter we have the same credit for nonprofits, persons, corporations, and I would have thought that would include financial institutions. When I looked at that I wasn't sure the need for this bill and when I looked at the individual tax credit I wasn't sure why we are going to have a 2a and a 2b and I wanted to know the difference.

**Chairman Cook** called upon Mary Loftsgard to answer these questions.

**Mary Loftsgard, North Dakota Tax Department** – Senator Dotzenrod I will take your question first. Yes, chapter 5735.3 relates only to financial institutions. There are several different entities that qualify as a financial institution. Mostly we are talking about banks and bank holding companies. I think as you heard earlier this morning, the bill was intended to now extent this credit to financial institutions as well as where it exists now to corporations and individual income tax payers. So, that is why you have two different sections of the Century Code. Senator Hogue, page 3 and 4, starting on line 27 of page 3 where you are asking now why we have 2a and 2b. Essentially what that is doing is now allowing the credit for two different kinds of gifts. Originally the bill for individuals allowed the credit to be

taken only for planned gifts. What we are talking about in 2b is simply a charitable gift. So I think the difference is under planned gift you would plan with an organization for example that they might receive property when you die or assets when you die. So there are some conditions on it. A charitable gift would be simply you write a check to a nonprofit organization or an endowment. So it's extending that credit to other kinds of giving.

**Senator Hogue** – On page 5 of the bill under subsection 5, why don't the financial institutions qualify under that provision?

**Mary Loftsgard, North Dakota Tax Department** – Again the financial institutions are regulated by a different chapter in the code. They are under chapter 5735.3 so this would not apply to them.

**Chairman Cook** – The very last section of the bill subsection 9, 'charitable gift used as the basis for a credit claimed, may not be used as a claimed credit under any other provision of this chapter'. Can you give me an example of what we are excluding?

**Mary Loftsgard, North Dakota Tax Department** – The concept behind here basically is not to allow the same contribution to qualify for two credits. The best example is in both financial institutions tax and in income tax there are already credits allowed for contributions to nonprofit, institutions of higher education, and secondary education. What this would mean is that if somebody gave a contribution to Jamestown College to the endowment there, they couldn't take both credits, they would only take one.

**Senator Dotzenrod** – Do you know how much revenue does the state collect under the taxes imposed in section 5735.3? Is that a large source of revenue?

**Mary Loftsgard, North Dakota Tax Department** – For the financial institutions tax, it's varied a lot over the years, probably a good estimate would be \$10 million however you do have to remember that is a tax that is split. Only 2/7 of that goes in to the general fund and 5/7 goes to a distribution fund that is distributed to the counties. Also note that this credit for financial institutions tax would only be taken against the state general fund. It's not taken against the 5/7 distribution portion.

**Senator Triplett** – Can you explain the fiscal note? Why there is no numbers attached? What the credit might cost the state?

**Mary Loftsgard, North Dakota Tax Department** – There's really no way to estimate how many people or financial institutions would take advantage of this credit so there really wasn't a way to try to determine what that would be.

**Chairman Cook** asked if someone could explain what a planned gift is.

**Gordon Binek, Executive Director, Bismarck State College Foundation** - On page 2 it does itemize those and the first 2 are charitable remainder trusts. A charitable remainder trust is established with a charity and the charity gets whatever remains at the death of the beneficiary. Those might be for a period of years or for lives of individuals. They are a fairly common transaction among charities and insure individuals will get a stream of income

during their life time and then the charity does get the remainder. Then pooled income funds are pretty rare here in North Dakota. I don't think very many charities operate pooled income funds, certainly not very many. Charities housed within the state lead unitrust and lead annuity trusts are quite the opposite of a unitrust and that is that the charity receives an income stream for a period of years and then the funds transfer either back to donor or to named beneficiaries. Gift annuities are a contractual arrangement also by where the one or two income beneficiaries receive income for their life. Deferred charitable gift annuities are gift annuities which are deferred for a number years. They are a good retirement planning tool. And, life estate agreements are for example, if someone were to transfer a quarter of land to a charity they do so in an irrevocable life estate agreement and then at their death the charity would receive the property and paid up life insurance policies. All of these are irrevocable arrangements.

No further action was taken.

**Chairman Cook** closed the hearing on SB 2160.

# 2011 SENATE STANDING COMMITTEE MINUTES

**Senate Finance and Taxation Committee**  
Lewis and Clark Room, State Capitol

SB 2160  
2/15/2011  
Job Number 14546

Conference Committee

*A. Rittmiller*

## **Explanation or reason for introduction of bill/resolution:**

Relating to a financial institutions tax credit for charitable gifts to qualified endowments by financial institutions

## **Minutes:**

Committee Work

**Chairman Cook** opened discussion on SB 2160.

**Senator Triplett** – I will move a Do Pass.

Seconded by **Senator Burckhard**.

**Senator Triplett** – My review of the testimony indicates that there was no one against this, there was a good group of people that signed on saying they were in favor of this. It has a stated goal of trying to give an advantage to people who live within North Dakota for providing additional charitable giving so I think it's a positive bill and I don't see any problems with it.

**Chairman Cook** – Ask the clerk to take the roll. (7-0-0)

Carried by **Senator Burckhard**.

# FISCAL NOTE

Requested by Legislative Council  
01/11/2011

Bill/Resolution No.: SB 2160

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2160 creates a new tax credit for financial institutions, and expands the existing endowment fund tax credit for individuals.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of SB 2160 creates a new tax credit for financial institution tax purposes that is based on the qualified endowment credit already allowed for income tax purposes. The new credit is only allowed against the state general fund portion of the financial institution tax; it does not affect the portion of the financial institution tax that is distributed to the counties.

Section 2 of the bill only makes a technical change to the financial institution law to incorporate a reference to the new credit.

Section 3 of the bill expands the existing qualified endowment income tax credit provisions to allow individuals to claim the credit for contributions in a form other than a planned gift to a qualified endowment fund. The credit is 40% of the contribution, up to a maximum of \$10,000 (or \$20,000, on a joint return). To qualify, a single gift, or the aggregate of multiple gifts, made in a tax year to a particular endowment fund must be at least \$5,000.

The potential decrease in state general fund revenue attributable to the new financial institution tax credit (in Section 1 of the bill) cannot be determined as it is not known to what extent financial institutions will make contributions to qualified endowment funds.

Similarly, the potential decrease in state general fund revenue attributable to the expansion of the qualified endowment fund credit for individuals cannot be determined as it is not known to what extent individuals will make qualifying contributions to qualified endowment funds.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/14/2011

Date: 2-15-11  
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2160

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken:  Do Pass  Do Not Pass  Amended  Adopt Amendment  
 Rerefer to Appropriations  Reconsider

Motion Made By Senator Triplett Seconded By Senator Burckhard

Senators	Yes	No	Senators	Yes	No
Dwight Cook - Chairman	X		Jim Dotzenrod	X	
Joe Miller - Vice Chairman	X		Connie Triplett	X	
Randy Burckhard	X				
David Hogue	X				
Dave Oehlke	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Burckhard

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2160: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2160 was placed on the Eleventh order on the calendar.**

2011 HOUSE FINANCE AND TAXATION

SB 2160

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee  
Fort Totten Room, State Capitol

SB 2160  
March 2, 2011  
# 14831

Conference Committee

Committee Clerk Signature

*May Brucher*

## Explanation or reason for introduction of bill/resolution:

A bill relating to a financial institutions tax credit for charitable gifts to qualified endowments by financial institutions; relating to the tax credit for charitable gifts, planned gifts, or endowments; and to provide an effective date.

## Minutes:

*See attached testimony #1, #2, and #3*

**Senator Krebsbach:** Introduced bill. Back in 2005 legislation was adopted to allow corporations to receive taxable credits to charities and nonprofit organizations. Somehow at that time financial institutions were overlooked or omitted and this bill today is going to correct that and the experts are here to tell you why and how.

**Dana Schaar, North Dakota Association of Nonprofit Organizations:** Support. Please refer to attached testimony #1.

**Gordon Binek, Executive Director of Bismarck State College Foundation:** Support. Please refer to attached testimony #2, A and B, C, and D.

**Ken Kitzman, President of the Minot Area Community Foundation:** Support. Please refer to attached testimony #3.

**Don Forsberg, Executive Vice President for Independent Community Banks of North Dakota:** Support. We are one of the beneficiaries of the bill but I'm sure the fundraisers in the room are even more excited about it than perhaps our membership. It goes for very worthy causes and for that we strongly support this bill.

**Rick Clayburgh, President and CEO of the North Dakota Bankers Association:** Support. If you think about your local community banks we are one of the first groups of people that are approached in supporting our local community whether it's fundraisers or just being part of the community. Our standpoint is the idea that currently corporations have the ability to do it by allowing banks to participate as well. From a tax perspective it is an issue of fairness and our association and members support this legislation.

**Representative Lonny B. Winrich:** For most of us the benefit of making a charitable contribution to something is that we get a reduction, it reduces our taxable income. Does that also happen with corporations and financial institutions?

**Mary Loftsgard, Tax Department:** Yes, it can.

**Representative Lonny B. Winrich:** A tax credit like this is in addition to the reduction in taxable income?

**Mary Loftsgard:** Normally on the federal level you either get a deduction or a credit. If a company or a corporation has chosen to take a deduction they will have a lower federal taxable income. On a North Dakota return if you note in the bill on page 5 and 6 there is a provision in here whereby if you receive a deduction to compute your federal taxable income or your state income you have to add that back in order to get the credit. For North Dakota purposes you are not going to get both.

**Representative Lonny B. Winrich:** Does an individual get a tax credit in any way similar to this on their individual income tax return if they make a significant gift over \$5,000 or something like that?

**Mary Loftsgard:** Yes, this statute does provide for tax credits to individuals, corporations, and financial institutions. Pass through entities would be able to pass through credits as well.

**Chairman Wesley R. Belter:** No further testimony. Closed hearing on SB 2160.

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee  
Fort Totten Room, State Capitol

SB 2160  
March 7, 2011  
#15032

Conference Committee

Committee Clerk Signature <i>Mary Brueker</i>
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**Explanation or reason for introduction of bill/resolution:**

A bill relating to a financial institutions tax credit for charitable gifts to qualified endowments by financial institutions; relating to the tax credit for charitable gifts, planned gifts, or endowments; and to provide an effective date.

**Minutes:**

<i>No attachments.</i>
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**Representative Steven L. Zaiser: Made a motion for DO PASS.**

**Representative Roscoe Streyle: Seconded.**

**A roll call vote was taken: YES 13 NO 1 ABSENT 0  
MOTION CARRIED FOR DO PASS.**

**Representative Roscoe Streyle will carry SB 2160.**

Date: 3-7-11  
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2160

House Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken:  Do Pass  Do Not Pass  Amended  Adopt Amendment  
 Rerefer to Appropriations  Reconsider

Motion Made By Rep. Zaiser Seconded By Rep. Streyle

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	✓		Scot Kelsh	✓	
Vice Chair. Craig Headland	✓		Shirley Meyer	✓	
Glen Froseth	✓		Lonny B. Winrich	✓	
Bette Grande	✓		Steven L. Zaiser	✓	
Patrick Hatlestad	✓				
Mark S. Owens	✓				
Roscoe Streyle	✓				
Wayne Trottier	✓				
Dave Weiler	✓				
Dwight Wrangham		✓			

Total (Yes) 13 No 1

Absent 0

Floor Assignment Rep. Streyle

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2160: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (13 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2160 was placed on the Fourteenth order on the calendar.**

2011 TESTIMONY

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SB 2160



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Kevin J. Dvorak, President & CEO, North Dakota Community Foundation  
 Testimony on SB 2160

Chairman Cook and members of the Committee

I am Kevin Dvorak of the North Dakota Community Foundation (NDCF). I am here to testify in support of SB 2160. I and my colleagues have worked on this legislation with the ND Tax Department, the Legislative Council and others to ensure that it is properly drafted to accomplish that which we would like to accomplish.

SB 2160 enhances existing Century Code in two areas. It is designed to treat financial institutions equally to other businesses that give to qualified North Dakota endowment funds by allowing them a roughly equivalent tax credit to those enjoyed by other businesses.

In addition, it allows individual donors a tax credit roughly equivalent to the credit available to businesses for gifts to qualified ND endowment funds.

Those are the details, you may ask why the current tax credit law exists and why the enhancement contained in SB 2160. It was initiated to encourage North Dakota businesses to give to North Dakota nonprofit organizations. This enhancement to the Law will further advance this goal and bring increased fairness in the way that different entities are treated under the Law. It will encourage North Dakotans to give at home to benefit their community and the state as whole.

The North Dakota Community Foundation is currently working to help 44 ND communities to build a permanent financial resource for their future—a qualified endowment fund. If you pass SB 2160, you will not only assist nonprofits all across the State, but also each of these 44 communities and their citizens. A map which lists the communities with qualified endowment funds under the NDCF is enclosed for your information.

We urge a do pass vote on this legislation. Thank you.

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 Office Location: 309 N. Mandan St., Suite #2 • Bismarck, North Dakota 58501  
 Visit our web site: [www.ndcf.net](http://www.ndcf.net)

Sherwood/Antler  
 Mohall  
 Westhope  
 Rolla  
 Walhalla  
 Pembina  
 Kenmare  
 Towner County  
 Cavalier  
 Drayton  
 Tioga  
 Stanley  
 Minot  
 Rugby  
 Park River  
 Grafton  
 Pierce County  
 Minnewaukan  
 Anamoose  
 Maddock  
 Larimore  
 McKenzie County  
 Harvey  
 New Rockford  
 Finley  
 Hurdsfield  
 Carrington  
 Cooperstown  
 Hillsboro  
 Golden Valley County  
 Hannaford  
 Hope  
 Arthur  
 Richardton  
 Mandan  
 Bismarck  
 Jamestown  
 Casselton  
 Kindred  
 Lisbon  
 Breckenridge/  
 Wahpeton  
 Ashley  
 Ellendale  
 Oakes

North Dakota Senate Bill No. 2160  
Testimony to the Senate Finance and Taxation Committee

Gordon Binek, Executive Director  
Bismarck State College Foundation  
January 17, 2011

Chairman Cook and members of the Senate Finance and Taxation Committee, thank you for the opportunity to make comments on behalf of the Bismarck State College Foundation and other non-profits in the state of North Dakota regarding Senate Bill No. 2160. I strongly support and encourage the passage of Senate Bill No. 2160.

This bill expands the existing section of the North Dakota Century Code offering North Dakota tax credit for gifts to the endowment funds of North Dakota non-profits. Senate Bill 2160 offers the incentives of a tax credit to individuals and financial institutions which were not available through the previous legislation. In addition, there is language clarifying sections of the existing legislation.

The passage of this Bill would encourage individuals who want to support charities and believe in the value of placing contributions into permanent endowment funds. It is a very important incentive to those individuals who do not want to create a planned gift but do want to see their contribution permanently endowed.

Many supporters of the BSC Foundation believe in the value of contributing to endowment funds that will exist in perpetuity. Both current and future generations will benefit from those endowed funds. The funds will be providing income that will be used for scholarships to BSC students and for grants to purchase equipment and support activities at BSC.

For the 2009-10 school year Bismarck State College Foundation provided about \$370,000 in scholarships to approximately 370 students. Those scholarships will make the difference in the lives of many of those students and they will be able to afford an education at BSC. During the 2009-10 school year, the BSC Foundation provided over \$800,000 in grants to support the college. Those grants helped purchase equipment, support programs such as music, chemistry and engineering, provided funding for professional development and a fellowship for BSC employees, and support for many BSC student organizations. The majority of the money for the scholarships and grants were the result of earnings from our endowment fund.

I believe strongly in endowed funds, they will be there for the future. Senate Bill No. 2160 would encourage our friends to contribute to our endowment fund as well as the funds of other North Dakota non-profits. I have no doubt our future will be stronger through the passage of this Bill, and I encourage you to support it.

**Testimony of Dana Schaar, NDANO Executive Director  
Senate Finance and Taxation Committee in Support of SB 2160  
Monday, January 17, 2011**

Chairman Cook and Members of the Committee, my name is Dana Schaar, and I am the executive director of the North Dakota Association of Nonprofit Organizations (NDANO). We are here in support of SB 2160.

NDANO represents more than 160 nonprofit members from all across North Dakota working in many different mission areas – from human services and the environment to education and the arts. Businesses rely on the services nonprofits provide to support the well-being of their employees and their families. Government relies on us to provide a safety net for those in need. Communities rely on our programs to enrich family life, protect the environment, and respond in a crisis. Nonprofits touch the lives of every North Dakotan.

There are more than 3,300 public charities and foundations in our state. Most of these nonprofits are small, volunteer-run, community-based organizations. In fact, only one-third of the state's charitable nonprofits have annual revenue of more than \$25,000 per year. This means donations from individuals and local businesses provide essential support for the work of nonprofits for our common good in North Dakota.

This legislation would have a positive impact on our state and its citizens. It would strengthen North Dakota by encouraging charitable giving to support nonprofits' work to improve our quality of life. It would keep money in North Dakota by encouraging gifts to endowments that continue to give back over time. It would empower North Dakotans to give more and have a greater impact. It would build nonprofits' long-term sustainability by growing endowments as a stable funding source.

Attached to our testimony is a list of more than 60 nonprofits that have signed on in support of SB 2160, just since last Tuesday when we learned the bill number. Also attached is a case statement further explaining the benefits of this legislation.

NDANO strongly encourages a DO PASS on SB 2160. Now, when our state revenues are strong, is the time to extend this tax incentive that encourages charitable gifts to North Dakota nonprofits that are educating our children, supporting the workforce, nursing the sick, supporting our elders, elevating the arts, mentoring our youth and much more. Strong nonprofit endowments provide long-term benefits for all North Dakotans. Thank you.

## **Supporters of Senate Bill 2160**

Abused Adult Resource Center, Bismarck  
Bethany Retirement Living, Fargo  
Bethel Lutheran Foundation, Williston  
Beyond Shelter Inc., Fargo  
Bismarck Cancer Center, Bismarck  
Bismarck Public Schools Foundation, Bismarck  
Bismarck State College Foundation, Bismarck  
Bismarck State College National Alumni Association, Bismarck  
Bismarck-Mandan Symphony Orchestra, Bismarck  
Brass Band of Minot, Minot  
Buffalo City Tourism Foundation, Jamestown  
Central Dakota Children's Choir, Bismarck  
Centre Inc., Fargo, Mandan & Grand Forks  
Charles Hall Youth Services, Bismarck  
Community Action Partnership-Minot Region, Minot  
Community Foundation of Grand Forks, East Grand Forks & Region, Grand Forks  
Community Violence Intervention Center, Grand Forks  
Consensus Council, Bismarck  
Cordell G. Dick, CPA, CFRE Consulting, Bismarck  
Dakota College at Bottineau Foundation, Bottineau  
Faith in Action of Mercy Hospital, Valley City  
Fargo-Moorhead Community Theatre, Fargo  
Fargo-Moorhead Opera, Fargo  
Gateway to Science Center Inc., Bismarck  
Grand Cities Children's Choir, Grand Forks  
Hospice of the Red River Valley, Fargo  
International Music Camp, Dunseith  
James Memorial Preservation Society, Williston  
Jeremiah Program Fargo-Moorhead, Fargo  
Learning Bank, Fargo  
Legal Services of North Dakota, Bismarck  
Lewis & Clark Fort Mandan Foundation, Washburn  
Lutheran Social Services of North Dakota, Fargo  
Mayville State University Foundation, Mayville  
Minot Area Community Foundation, Minot  
Minot Area Homeless Coalition, Minot  
Minot State University, Minot  
Missouri Valley Historical Society (Buckstop Junction), Bismarck  
Nelson County Arts Council, Pekin  
North American Game Warden Museum, Dunseith  
North Dakota Association of Nonprofit Organizations (NDANO), Bismarck  
North Dakota Association of the Blind  
North Dakota Autism Connection, Bismarck  
North Dakota Coalition for Homeless People, Bismarck  
North Dakota Community Foundation, Bismarck & Grand Forks  
North Dakota Council on Abused Women's Services, Bismarck  
North Dakota Cowboy Hall of Fame, Medora



**Supporters of Senate Bill 2160 *continued***

North Dakota State College of Science Alumni/Foundation, Wahpeton  
North Dakota State University Development Foundation, Fargo  
North Valley Arts Council, Grand Forks  
Northern Plains Dance, Bismarck  
Plains Art Museum, Fargo  
Prairie Learning Center Foundation, Bismarck  
Rape and Abuse Crisis Center of Fargo-Moorhead, Fargo  
Sleepy Hollow Theatre & Arts Park, Bismarck  
Spirit Room, Fargo  
The GOD'S CHILD Project, Bismarck  
The Library Foundation, Bismarck  
The Village Family Service Center, Fargo  
Trinity Christian School, Williston  
United Way of Dickinson, Dickinson  
United Way of Grand Forks, East Grand Forks and Area, Grand Forks  
University of North Dakota Foundation, Grand Forks

# NDANO Case Statement for Expansion of North Dakota Tax Credit for Charitable Giving

## Current State Law

Individuals may receive a state tax credit for a planned gift (e.g., charitable remainder trusts, charitable gift annuities, life insurance policies, etc.) to a qualified North Dakota charitable nonprofit or a qualified North Dakota endowment. The tax credit is 40% of the charitable deduction allowed by the IRS up to a maximum credit of \$10,000 per year per taxpayer or \$20,000 per year per couple filing jointly.

Businesses (C corporations, S corporations, estates, limited liability companies and trusts) that pay state income tax may take a 40% credit up to a total credit of \$10,000 for contributions to a qualified North Dakota endowment.

## Use of North Dakota Tax Credits

Year	Individual Planned Gifts			Passthrough* Endowment Gifts			Corporate Endowment Gifts		
	Number of Returns	Credits Claimed	Credit Percentage	Number of Returns	Credits Claimed	Credit Percentage	Number of Returns	Credits Claimed	Credit Percentage
2005	15	\$14,009	20%						
2006	20	\$35,592	20%						
2007	51	\$118,482	40%	46	\$110,189	40%	8	\$23,920	40%
2008	62	\$234,768	40%	39	\$57,493	40%	7	\$22,968	40%

*\*Passthrough entities include partnerships, S corporations or limited liability companies.*

## Proposed Changes to State Law

1. Extend current law to financial institutions, allowing them to claim the same income tax credit as other businesses for contributions to a qualified North Dakota endowment (financial institutions were left out of 2007 legislation because of their placement in a different section of Century Code).

**How It Will Work:** A ND financial institution makes a \$5,000 cash gift to a qualified ND endowment. If the ND financial institution donor is a C corporation and in a 34% federal tax bracket, the federal tax deduction of \$5,000 could save up to \$1,020 in federal income taxes on the C corporation donor's federal tax return. (If the ND financial institution donor is an S corporation and its shareholders are in a 28% federal tax bracket and itemize deductions, the federal tax deduction of \$5,000 could save up to \$840 in federal income taxes on the federal tax returns of the shareholders of the S corporation donor.) In addition, a ND financial institution donor subject to the ND financial institution tax could receive a \$2,000 ND income tax credit to be taken directly against the general fund portion of the ND financial institution tax liability. This means a C corporation donor could give a \$5,000 contribution to its favorite ND charity's qualified endowment and save \$3,020 in income tax deductions and credits for a net cost of \$1,980. (An S corporation donor could give a \$5,000 contribution to its favorite North Dakota charity's qualified endowment and save \$2,840 in income tax deductions and credits for a net cost of \$2,160.) *(This scenario is provided for educational purposes only. Please consult your own financial advisor for advice on your situation.)*

2. Allow individuals a 40% tax credit for contributions of \$5,000 or more (lump sum or aggregate in one year) to a qualified North Dakota endowment.

**How It Will Work:** An individual makes a \$5,000 cash gift to a qualified ND endowment. If the donor is in 28% federal tax bracket, the federal tax deduction of \$5,000 could save up to \$840 in federal income taxes. In addition, a ND donor who is a state income taxpayer could receive a \$2,000 ND income tax credit to be taken directly against her state income tax liability. This means the donor could give a \$5,000 contribution to her favorite ND charity's qualified endowment and save \$2,840 in income tax deductions and credits for a net cost of \$2,160. *(This scenario is provided for educational purposes only. Please consult your own financial advisor for advice on your situation.)*

# NDANO Case Statement for Expansion of North Dakota Tax Credit for Charitable Giving

## Benefits to North Dakota

Charitable giving by individuals and businesses in North Dakota builds communities and improves quality of life by supporting the work of the state's 3,300 charitable nonprofit organizations.

### Strengthen North Dakota

Charitable nonprofit organizations benefit North Dakotans and our state in many ways: by building community, fostering civil society, strengthening our social fabric and stimulating our economy. They are essential to improving the quality of life in our state. North Dakotans have and will continue to place their trust in the responsiveness, performance and quality of services provided by these organizations by making charitable contributions and volunteering their time.

### Keep Money in North Dakota

Expanding the existing tax credit for charitable giving will build stronger endowments in North Dakota, which continues to rank last in foundation assets when compared to all 50 states and the District of Columbia. Giving to North Dakota endowments keeps money in the state and also increases in-state foundation assets to better meet the needs of our state's citizens and communities.

### Empower North Dakotans to Give More and Have Greater Impact

While North Dakotans are already generous in support of the state's charitable nonprofits, providing North Dakota citizens with a tax credit for contributions to endowments will provide a strong additional incentive to give. This is significant, as individuals are our nation's largest donor segment, contributing 75% of all charitable giving every year. Providing North Dakotans with a tax credit for gifts to endowments makes it possible for individuals and financial institutions to give more and through their contributions have a greater impact on the state's quality of life.

### Build North Dakota Nonprofit Sustainability

Incentives to increase endowment contributions help North Dakota nonprofit organizations establish a stable funding source and build long-term sustainability, ensuring maximum resources are focused on fulfilling the organization's charitable mission and purpose.

## Join the Effort

For more information and to get involved in this effort, contact NDANO as outlined below.



[www.ndano.org](http://www.ndano.org) • [ndano@btinet.net](mailto:ndano@btinet.net)  
701-258-9101 • 888-396-3266  
PO Box 1091 • Bismarck, ND 58502

*Testimony  
#1 p. 1*

**Testimony of Dana Schaar, NDANO Executive Director  
House Finance and Taxation Committee in Support of SB 2160  
Wednesday, March 2, 2011**

Chairman Belter and Members of the Committee, my name is Dana Schaar, and I am the executive director of the North Dakota Association of Nonprofit Organizations (NDANO). We are here in support of SB 2160.

NDANO represents more than 160 nonprofit members from all across North Dakota working in many different mission areas – from human services and the environment to education and the arts. Businesses rely on the services nonprofits provide to support the well-being of their employees and their families. Government relies on us to provide a safety net for those in need. Communities rely on our programs to enrich family life, protect the environment, and respond in a crisis. Nonprofits touch the lives of every North Dakotan.

There are more than 3,300 public charities and foundations in our state. Most of these nonprofits are small, volunteer-run, community-based organizations. In fact, only one-third of the state's charitable nonprofits have annual revenue of more than \$25,000 per year. This means donations from individuals and local businesses provide essential support for the work of nonprofits for our common good in North Dakota.

In 2005, the 60th Legislative Assembly saw the value of providing a giving incentive for North Dakotans making planned, or deferred, gifts to North Dakota nonprofits. This incentive was a 40 percent tax credit with a maximum credit of \$10,000 per taxpayer. In 2007, legislators recognized the importance of endowments and expanded the tax credit to endowment gifts made by corporations and passthrough entities. As noted in the attached case statement, the tax credit has not had a significant impact on the state's revenues. However, it has made a considerable impact on the work of those nonprofits receiving larger gifts because of this incentive.

SB 2160 has two key elements. First, it will put financial institutions on equal footing with other North Dakota businesses, allowing them to claim the same type of tax credit currently available to corporations and passthrough entities for gifts to North Dakota endowments. This is a matter of fairness among businesses in our state. Second, it will encourage individuals to donate more by providing a tax credit for gifts of \$5,000 or more to

North Dakota endowments. As in current law, individuals would be eligible for a 40 percent tax credit with a maximum credit of \$10,000 per taxpayer.

This legislation would have a positive impact on our state and its citizens. It would strengthen North Dakota by encouraging charitable giving to support nonprofits' work to improve our quality of life. It would keep money in North Dakota by encouraging gifts to endowments that continue to give back over time. It would empower North Dakotans to give more and have a greater impact. It would build nonprofits' long-term sustainability by growing endowments as a stable funding source.

Attached to our testimony is a list of more than 70 nonprofits that have signed on in support of SB 2160. There is strong support from North Dakota's vibrant, diverse and essential state nonprofit sector for this legislation.

NDANO asks for your favorable consideration of a do pass recommendation on SB 2160. Now, when our state revenues are strong, is the time to extend this tax incentive that encourages charitable gifts to North Dakota nonprofits that are educating our children, supporting the workforce, nursing the sick, supporting our elders, elevating the arts, mentoring our youth and much more. This legislation is an investment in North Dakota because strong nonprofit endowments provide long-term benefits for our state and its citizens. Thank you.

**Supporters of Senate Bill 2160**

Abused Adult Resource Center, Bismarck  
Affordable Housing Developers Inc., Dickinson  
African Soul, American Heart, Fargo  
Bethany Retirement Living, Fargo  
Bethel Lutheran Foundation, Williston  
Beyond Shelter Inc., Fargo  
Bismarck Cancer Center, Bismarck  
Bismarck Public Schools Foundation, Bismarck  
Bismarck State College Foundation, Bismarck  
Bismarck State College National Alumni Association, Bismarck  
Bismarck-Mandan Symphony Orchestra, Bismarck  
Brass Band of Minot, Minot  
Buffalo City Tourism Foundation, Jamestown  
Central Dakota Children's Choir, Bismarck  
Centre Inc., Fargo, Mandan & Grand Forks  
Charles Hall Youth Services, Bismarck  
Circle of Friends Human Society, Grand Forks  
Community Action Partnership-Minot Region, Minot  
Community Foundation of Grand Forks, East Grand Forks & Region, Grand Forks  
Community Violence Intervention Center, Grand Forks  
Consensus Council, Bismarck  
Cordell G. Dick, CPA, CFRE Consulting, Bismarck  
Dakota College at Bottineau Foundation, Bottineau  
Faith in Action of Mercy Hospital, Valley City  
Fargo-Moorhead Community Theatre, Fargo  
Fargo-Moorhead Opera, Fargo  
Frontier Village Association, Jamestown  
Gateway to Science Center Inc., Bismarck  
Grand Cities Children's Choir, Grand Forks  
Hospice of the Red River Valley, Fargo  
International Music Camp, Dunseith  
James Memorial Preservation Society, Williston  
Jeremiah Program Fargo-Moorhead, Fargo  
Learning Bank, Fargo  
Legal Services of North Dakota, Bismarck  
Lewis & Clark Fort Mandan Foundation, Washburn  
Lutheran Social Services of North Dakota, Fargo  
Mayville State University Foundation, Mayville  
Minot Area Community Foundation, Minot  
Minot Area Homeless Coalition, Minot  
Minot State University, Minot  
Missouri Valley Historical Society (Buckstop Junction), Bismarck  
MLK Consulting, Dickinson  
Nelson County Arts Council, Pekin  
North American Game Warden Museum, Dunseith

*Supporters continued on next page.*

**Supporters of Senate Bill 2160 *continued***

North Dakota Association of Nonprofit Organizations (NDANO), Bismarck  
North Dakota Association of the Blind  
North Dakota Autism Connection, Bismarck  
North Dakota Coalition for Homeless People, Bismarck  
North Dakota Community Foundation, Bismarck & Grand Forks  
North Dakota Council on Abused Women's Services, Bismarck  
North Dakota Cowboy Hall of Fame, Medora  
North Dakota State College of Science Alumni/Foundation, Wahpeton  
North Dakota State University Development Foundation, Fargo  
North Valley Arts Council, Grand Forks  
Northern Plains Dance, Bismarck  
Plains Art Museum, Fargo  
Prairie Learning Center Foundation, Bismarck  
Rape and Abuse Crisis Center of Fargo-Moorhead, Fargo  
Sleepy Hollow Theatre & Arts Park, Bismarck  
Spirit Room, Fargo  
The Arts Partnership, Fargo  
The GOD'S CHILD Project, Bismarck  
The Library Foundation, Bismarck  
The Village Family Service Center, Fargo  
Trinity Christian School, Williston  
United Way of Dickinson, Dickinson  
United Way of Grand Forks, East Grand Forks and Area, Grand Forks  
University of North Dakota Foundation, Grand Forks  
Upper Missouri Ministries, Epping  
Williston State College Foundation, Williston

## NDANO Case Statement for

# Expansion of North Dakota Tax Credit for Charitable Giving

### Current State Law

Individuals may receive a state tax credit for a planned gift (e.g., charitable remainder trusts, charitable gift annuities, life insurance policies, etc.) to a qualified North Dakota charitable nonprofit or a qualified North Dakota endowment. The tax credit is 40% of the charitable deduction allowed by the IRS up to a maximum credit of \$10,000 per year per taxpayer or \$20,000 per year per couple filing jointly.

Businesses (C corporations, S corporations, estates, limited liability companies and trusts) that pay state income tax may take a 40% credit up to a total credit of \$10,000 for contributions to a qualified North Dakota endowment.

### Use of North Dakota Tax Credits

Year	Individual Planned Gifts			Passthrough* Endowment Gifts			Corporate Endowment Gifts		
	Number of Returns	Credits Claimed	Credit Percentage	Number of Returns	Credits Claimed	Credit Percentage	Number of Returns	Credits Claimed	Credit Percentage
2005	15	\$14,009	20%						
2006	20	\$35,592	20%						
2007	51	\$118,482	40%	46	\$110,189	40%	8	\$23,920	40%
2008	62	\$234,768	40%	39	\$57,493	40%	7	\$22,968	40%

\*Passthrough entities include partnerships, S corporations or limited liability companies.

### Proposed Changes to State Law

1. Extend current law to financial institutions, allowing them to claim the same income tax credit as other businesses for contributions to a qualified North Dakota endowment (financial institutions were left out of 2007 legislation because of their placement in a different section of Century Code).

How It Will Work: A ND financial institution makes a \$5,000 cash gift to a qualified ND endowment. If the ND financial institution donor is a C corporation and in a 34% federal tax bracket, the federal tax deduction of \$5,000 could save up to \$1,020 in federal income taxes on the C corporation donor's federal tax return. (If the ND financial institution donor is an S corporation and its shareholders are in a 28% federal tax bracket and itemize deductions, the federal tax deduction of \$5,000 could save up to \$840 in federal income taxes on the federal tax returns of the shareholders of the S corporation donor.) In addition, a ND financial institution donor subject to the ND financial institution tax could receive a \$2,000 ND income tax credit to be taken directly against the general fund portion of the ND financial institution tax liability. This means a C corporation donor could give a \$5,000 contribution to its favorite ND charity's qualified endowment and save \$3,020 in income tax deductions and credits for a net cost of \$1,980. (An S corporation donor could give a \$5,000 contribution to its favorite North Dakota charity's qualified endowment and save \$2,840 in income tax deductions and credits for a net cost of \$2,160.) *(This scenario is provided for educational purposes only. Please consult your own financial advisor for advice on your situation.)*

2. Allow individuals a 40% tax credit for contributions of \$5,000 or more (lump sum or aggregate in one year) to a qualified North Dakota endowment.

How It Will Work: An individual makes a \$5,000 cash gift to a qualified ND endowment. If the donor is in 28% federal tax bracket, the federal tax deduction of \$5,000 could save up to \$840 in federal income taxes. In addition, a ND donor who is a state income taxpayer could receive a \$2,000 ND income tax credit to be taken directly against her state income tax liability. This means the donor could give a \$5,000 contribution to her favorite ND charity's qualified endowment and save \$2,840 in income tax deductions and credits for a net cost of \$2,160. *(This scenario is provided for educational purposes only. Please consult your own financial advisor for advice on your situation.)*

## NDANO Case Statement for

# Expansion of North Dakota Tax Credit for Charitable Giving

### Benefits to North Dakota

Charitable giving by individuals and businesses in North Dakota builds communities and improves quality of life by supporting the work of the state's 3,300 charitable nonprofit organizations.

#### Strengthen North Dakota

Charitable nonprofit organizations benefit North Dakotans and our state in many ways: by building community, fostering civil society, strengthening our social fabric and stimulating our economy. They are essential to improving the quality of life in our state. North Dakotans have and will continue to place their trust in the responsiveness, performance and quality of services provided by these organizations by making charitable contributions and volunteering their time.

#### Keep Money in North Dakota

Expanding the existing tax credit for charitable giving will build stronger endowments in North Dakota, which continues to rank last in foundation assets when compared to all 50 states and the District of Columbia. Giving to North Dakota endowments keeps money in the state and also increases in-state foundation assets to better meet the needs of our state's citizens and communities.

#### Empower North Dakotans to Give More and Have Greater Impact

While North Dakotans are already generous in support of the state's charitable nonprofits, providing North Dakota citizens with a tax credit for contributions to endowments will provide a strong additional incentive to give. This is significant, as individuals are our nation's largest donor segment, contributing 75% of all charitable giving every year. Providing North Dakotans with a tax credit for gifts to endowments makes it possible for individuals and financial institutions to give more and through their contributions have a greater impact on the state's quality of life.

#### Build North Dakota Nonprofit Sustainability

Incentives to increase endowment contributions help North Dakota nonprofit organizations establish a stable funding source and build long-term sustainability, ensuring maximum resources are focused on fulfilling the organization's charitable mission and purpose.

### Join the Effort

For more information and to get involved in this effort, contact NDANO as outlined below.



[www.ndano.org](http://www.ndano.org) • [ndano@btinet.net](mailto:ndano@btinet.net)  
701-258-9101 • 888-396-3266  
PO Box 1091 • Bismarck, ND 58502

Testimony #2  
A

North Dakota Senate Bill No. 2160  
Testimony to the ND House of Representatives Finance and Taxation Committee

Gordon Binek, Executive Director  
Bismarck State College Foundation  
March 2, 2011

Chairman Belter and members of the House Finance and Taxation Committee, thank you for the opportunity to make comments on behalf of the Bismarck State College Foundation and other non-profits in the state of North Dakota regarding Senate Bill No. 2160. I strongly support and encourage the passage of Senate Bill No. 2160.

This bill expands the existing section of the North Dakota Century Code offering North Dakota tax credit for gifts to the endowment funds of North Dakota non-profits. Senate Bill 2160 offers the incentives of a tax credit to individuals and financial institutions which were not available through the previous legislation. In addition, there is language clarifying sections of the existing legislation.

The passage of this Bill would encourage individuals who want to support charities and believe in the value of placing contributions into permanent endowment funds. It is a very important incentive to those individuals who do not want to create a planned gift but do want to see their contribution permanently endowed.

Many supporters of the BSC Foundation believe in the value of contributing to endowment funds that will exist in perpetuity. Both current and future generations will benefit from those endowed funds. The funds will be providing income that will be used for scholarships to BSC students and for grants to purchase equipment and support activities at BSC.

Scholarships do make a huge difference in the lives of students. For the 2009-10 school year the Bismarck State College Foundation provided about \$370,000 in scholarships to over 350 students. During the 2009-10 school year, the BSC Foundation provided over \$800,000 in grants to support the college. Those grants helped purchase equipment, support programs such as music, chemistry and engineering, provided funding for professional development and a fellowship for BSC employees, and support for many BSC student organizations. Much of the money for scholarships and grants were the result of earnings from our endowment fund.

I believe strongly in endowed funds, they will be there for the future. Senate Bill No. 2160 would encourage our friends to contribute to our endowment fund as well as the funds of other North Dakota non-profits. I have no doubt our future will be stronger through the passage of this Bill, and I encourage you to support it.

#2 B



1255 Schafer Street • PO Box 5587 • Bismarck, ND 58506-5587 • bismarckstate.edu/foundation

**Bismarck State College Foundation Board of Trustees  
Resolution in support of Senate Bill No. 2160**

- WHEREAS** The mission of the Bismarck State College Foundation is to *engage in those activities which support and assist in the development and advancement of Bismarck State College;*
- WHEREAS** Bismarck State College Foundation maintains a permanent endowment fund to provide funding for student scholarships, equipment for BSC programs, fellowships, grants, and employee education and training;
- WHEREAS** Permanent endowment funds will provide benefits for BSC students and support other important needs for generations to come;
- WHEREAS** Senate Bill No. 2160 provides a North Dakota tax credit for charitable giving increases the incentive of North Dakota citizens and businesses to give in support of the mission of the Bismarck State College Foundation;
- WHEREAS** Senate Bill No. 2160 keeps money in the state by increasing endowments to better meet the needs of the state's citizens and communities now and in the future;

**NOW THEREFORE BE IT RESOLVED** that the Bismarck State College Foundation Board is in full support of expanding the state tax credit for charitable giving:

- 1) To financial institutions, allowing them to claim the same income tax credit as other businesses for contributions to a qualified North Dakota endowment, and
- 2) To individuals, allowing them to claim a 40 percent tax credit for contributions of \$5,000 or more (lump sum or aggregate in one year) to a qualified North Dakota endowment.

**ADOPTED** By the BSC Foundation Board of Trustees this 3<sup>rd</sup> day of February, 2011.

Signed:

A handwritten signature in black ink, appearing to read 'Bill Townsend', written over a horizontal line.

Bill Townsend, President  
Bismarck State College Foundation Board of Trustees

#2 C

UNIVERSITY OF NORTH DAKOTA  
**FOUNDATION**

BOARD OF DIRECTORS

**BOARD POLICY RESOLUTION**

At the meeting of the Board of Directors of University of North Dakota Foundation on February 17, 2011, the following policy resolution was approved by the board:

**WHEREAS** the mission of the University of North Dakota Foundation is to foster a tradition of philanthropic support, leading efforts to raise and manage funds that secure a strong future for University of North Dakota and its students, faculty, and alumni.

**WHEREAS** the University of North Dakota Foundation is part of the North Dakota nonprofit sector that is building community, fostering civil society, strengthening the social fabric and stimulating the economy in the state;

**WHEREAS** charitable giving by North Dakota citizens and businesses provides essential support to the state's nonprofit organizations;

**WHEREAS** North Dakota's tax credit for charitable giving increases the incentive to give by North Dakota citizens and businesses in support of the mission of University of North Dakota Foundation;

**WHEREAS** North Dakota's tax credit for charitable giving keeps money in the state by increasing endowments to better meet the needs of the state's citizens and communities;

**NOW THEREFORE BE IT RESOLVED** that the University of North Dakota Foundation Board is in full support of expanding the state tax credit for charitable giving: 1) to financial institutions, allowing them to claim the same income tax credit as other businesses for contributions to a qualified North Dakota endowment, and 2) to individuals, allowing them to claim a 40 percent tax credit for contributions of \$5,000 or more (lump sum or aggregate in one year) to a qualified North Dakota endowment.

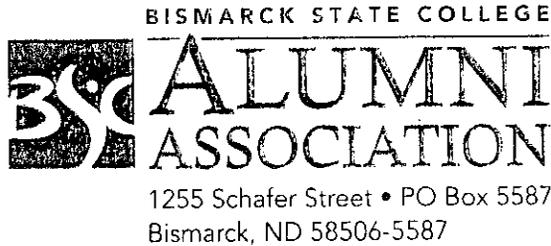
Signed:



---

Rick Burgum, Chair of the UND Foundation

#2D



**Bismarck State College National Alumni Association  
BOARD POLICY RESOLUTION**

At the meeting of the Board of Directors of Bismarck State College National Alumni Association on February 1, 2011, the following policy resolution was approved by the board:

**WHEREAS** the mission of the Bismarck State College National Alumni Association is "dedicated to *connecting* alumni and students in lifelong *loyalty* to Bismarck State College and to *promoting* and *serving* the interests of its membership and the College;

**WHEREAS** the Bismarck State College National Alumni Association is part of the North Dakota nonprofit sector that is building community, fostering civil society, strengthening the social fabric and stimulating the economy in the state;

**WHEREAS** charitable giving by North Dakota citizens and businesses provides essential support to the state's nonprofit organizations;

**WHEREAS** North Dakota's tax credit for charitable giving increases the incentive to give by North Dakota citizens and businesses in support of the mission of Bismarck State College National Alumni Association;

**WHEREAS** North Dakota's tax credit for charitable giving keeps money in the state by increasing endowments to better meet the needs of the state's citizens and communities;

**NOW THEREFORE BE IT RESOLVED** that the Bismarck State College National Alumni Association Board is in full support of expanding the state tax credit for charitable giving: 1) to financial institutions, allowing them to claim the same income tax credit as other businesses for contributions to a qualified North Dakota endowment, and 2) to individuals, allowing them to claim a 40 percent tax credit for contributions of \$5,000 or more (lump sum or aggregate in one year) to a qualified North Dakota endowment.

Signed:

A handwritten signature in cursive script that reads "Mary Klecker-Green".

Mary Klecker-Green, President  
Bismarck State College National Alumni Association

Testimony  
# 3 p. 1

**Testimony of Ken Kitzman, President  
Minot Area Community Foundation**

**House Finance and Taxation Committee in Support of SB 2160  
Wednesday, March 2, 2011**

Chairman Belter and Members of the Committee, my name is Ken Kitzman, President of the Minot Area Community Foundation. We are here in support of SB 2160.

First, a quick background on our organization. Our Community Foundation was organized and started in 2000 to promote community giving or “*giving back*” to our area through charitable giving. Community Foundations are often referred to the Chamber of Commerce of Giving, as we believe it doesn’t matter who receives the gift, since all our citizens ultimately receive the benefit. Last year, we celebrated our 10<sup>th</sup> Anniversary. To date, we have made more than 750 grants in excess of \$3.5 million dollars to organizations across our great state with the majority of it going to local non-profits within a radius of 90 miles from Minot. These distributions mainly came from “endowments”, created to provide a constant stream of revenue from the private sector to meet community needs. These grants have supported a wide range of urgent needs such as meals on wheels for our seniors, scholarships for our children, soup kitchens for those who are hungry, and shelter for those who are abused.

We are very proud of our accomplishments, but as great as this sounds, the truth is we haven’t even began to scratch the surface of what could be accomplished if more of our citizens would simply consider leaving a small legacy.



#3 P. 2

I think we all realize how fortunate we are to live in North Dakota. Senate Bill 2160 would give us and all non-profits a tool to promote “giving back”, a tool to create a positive change in our communities . . . now and into perpetuity.

Finally, in these bills we tend to measure and discuss issues in numbers. Dollars raised, costs, grants given, number of people served. These past ten years has taught us to look at more than numbers, but to look at the faces of lives we’ve touched. This past summer at the dedication of the Magic Smiles Playground, an all-inclusive playground funded through several endowment funds, we met the most remarkable little girl named *Mystika*. She is four years old, has cerebral palsy and for the first time in her life, she now has the opportunity to play with other children. She brought tears to our eyes as we realized the impact of this project. For every grant we make from these endowment funds there are literally thousands of faces that are touched. How do you measure these faces?



This legislation would provide us and others to have a positive impact on our state and its citizens. On behalf of the “faces” we serve, Minot Area Community Foundation asks for your favorable consideration of a do pass recommendation on SB 2160.

In addition, I’ve attached a MACF Board resolution in support of SB 2160. These community leaders understand the future impact this bill can have on all of our communities.

Again, thank you for your consideration and support. Questions?



## MINOT AREA COMMUNITY FOUNDATION BOARD POLICY RESOLUTION

At the meeting of the Board of Directors of Minot Area Community Foundation on January 26, 2011, the following policy resolution was approved by the board:

**WHEREAS** the mission of the Minot Area Community Foundation is *to connect people who care with causes that matter by:*

- *encouraging philanthropy by attracting solutions to donors*
- *being a catalyst for community cooperation*
- *servicing as a resource for Minot area charitable organizations*

**WHEREAS** the Minot Area Community Foundation is part of the North Dakota nonprofit sector that is building community, fostering civil society, strengthening the social fabric and stimulating the economy in the state;

**WHEREAS** charitable giving by North Dakota citizens and businesses provides essential support to the state's nonprofit organizations;

**WHEREAS** North Dakota's tax credit for charitable giving increases the incentive to give by North Dakota citizens and businesses in support of the mission of Minot Area Community Foundation;

**WHEREAS** North Dakota's tax credit for charitable giving keeps money in the state by increasing endowments to better meet the needs of the state's citizens and communities now and in the future;

**NOW THEREFORE BE IT RESOLVED** that the Minot Area Community Foundation Board is in full support of expanding the state tax credit for charitable giving:

- 1) to financial institutions, allowing them to claim the same income tax credit as other businesses for contributions to a qualified North Dakota endowment, and
- 2) to individuals, allowing them to claim a 40 percent tax credit for contributions of \$5,000 or more (lump sum or aggregate in one year) to a qualified North Dakota endowment.

### **Minot Area Community Foundation Board of Directors**

Connie Feist, Chair  
Brekka Kramer, Vice Chair  
Linda Hildahl, Secretary  
Wendy Keller, Treasurer  
Lowell Latimer  
Tom Probst

Phil Lowe  
F. Bruce Walker, Jr.  
Richard Olson  
Brad Bergman  
Dan Feist  
Mike Bakk



MINOT AREA COMMUNITY FOUNDATION  
*center for community giving*