

MINUTES

GOVERNOR'S TASK FORCE ON ENDOWMENTS AND PHILANTHROPY

Northwest Power Planning Council Conference Room
September 9, 2004

Present:

Sue Talbot, chair
Sid Armstrong
Dale Burgeson
Linda Coulston
John Eastman
Judy Held
Mark Kelley

Amy Kelley
Galen McKibben
Aidan Myhre
John Scibek
Josh Turner
Judy Wing
Ralph Yaeger

APPROVAL OF JUNE MINUTES

Sue asked if anyone would like to see changes made to the June minutes. There were no corrections or additions requested. Judy Held requested that when e-mails are sent out requesting action, that the subject line be "ACTION NEEDED" in order to command attention. All agreed. The group unanimously approved the minutes by voice vote.

FINANCIAL REPORT

Ralph did not have a recent Statement of Activities to hand out as Maryann at MCF was out for medical reasons. He estimated the Task Force had \$1,000 in its account.

Sue said that contributions have been dribbling in, with some organizations being very generous, but that we have heard nothing from others. Ralph said that he understood that Yellowstone Boys & Girls Ranch would be making a challenge grant to the TF. John Eastman confirmed; all were extremely enthusiastic and thankful for the contribution. Aidan added that she thought many would be more interested in contributing to a specific project rather than the TF in general.

Sue asked Aidan what she thought the dynamic might be at the upcoming legislative session given the school funding issue. Aidan thought that since the Endowment Tax Credit has been trimmed down and plateaued at less than \$5 million—while maintaining enough incentive for people to give—that it won't be looked at as having a large revenue impact. She added that there is some talk of increasing the tax credit; she thought that the % should remain the same, but the maximum could be increased to encourage larger gifts. She also noted that the courts haven't decided on the school funding issue—it could have a huge impact, in which case the Legislature will be looking for much larger sources of revenue than the Endowment Tax Credit. Other than that, there will be many new legislators, and she noted that there could be a change in the party majority.

Sue asked everyone to keep the following fundraising needs in mind as the discussion continues:

1. Lobbyist(s) for the 2005 Session
2. Intern (or contribution toward) for DOR research
3. Lunch & Learn sessions/materials

DEPARTMENT OF REVENUE TAX CREDIT RESEARCH PROJECT

Sue asked about Linda Reed's e-mail suggesting there was money available to pay for an intern to research recent tax credit numbers at the Dept. of Revenue. Ralph was not certain what funds she might have been referring to. Aidan recalled that the Task Force spent \$3,000–5,000 last time around, which covered both the

intern and Anderson ZurMuehlen creating the spreadsheets. Judy Held said that she had a student to recommend highly as a potential intern. Aidan said she'd discuss the issue with Dan Hoffman at DOR.

John Scibek shared the e-mail discussion he'd had with Linda Reed about this subject:

From: Scibek, John
Sent: Friday, August 27, 2004 3:39 PM
To: 'lindareed@mtcf.org'
Subject: Mas info

Linda, I talked with Jim McKeon of DOR this afternoon. You and Steve were right, there will be no info available on the 2003 returns until the first week of November. The "tape" with all the returns just won't be available until then. Once it is available, the tape will be run to identify the taxpayers who used the METC. That list can then be used, as before, by the intern to go to the storage area containing the returns to pull them and review the QEC forms.

If we want to get started sooner, we could look at 2002 now. It might be interesting to get info eventually on both years so that we can present our legislators with the most comprehensive list of the charities that have recently benefited from gifts qualifying for the credit.

I think the next step is to have someone write Don Hoffman, Acting Director, Montana Department of Revenue, Department of Revenue, P.O. Box 5805, Helena, MT, 59604-5805, about what we want to do. Aidan Myhre has offered to write him, as she knows him. The letter should be offered as a proposal outlining our request, who will do the work, and the way we will record and use the information. We should indicate that our intern would happily sign a non-disclosure/confidentiality agreement and that no individual taxpayer information will be collected. We should advise them that we hope to learn the types of planned gifts used, and the qualified credit amounts for each gift type. I think the gift type information will be important for charities so that they can spend their limited resources marketing those gift vehicles that seem most "popular."

We should also ask to gather the names of the charities that have benefited from gifts qualifying for the METC. That may help in lobbying specific legislators if non-profits in their districts received substantial support through the METC provision.

John

From: Scibek, John
Sent: Friday, August 27, 2004 1:27 PM
To: 'lindareed@mtcf.org'
Subject: Good work . . .

. . . on nailing down the funds for the intern! I will call you on Monday but in the meantime I, too, had learned from Jim McKeon of DOR that at least some of the QEC forms won't be available until the fall as some filers used their extension and filed in, I believe, August. However, there should be a pile of the forms available for those who filed by the 4/15 deadline and the intern can get started on them. Additionally, depending on how many there are, we may want to look back at tax year 2002, too.

One caveat: The forms are available only for those who did not file electronically, and they only apply to individuals who took the credit. We won't be able to review in the same way the businesses who took advantage of the credit.

From: Linda Reed [mailto:lindareed@mtcf.org]
Sent: Wednesday, September 08, 2004 3:00 PM

To: Scibek, John
Cc: myhre@gallatingroup.com
Subject: RE: Mas info

John,

I'm sending Aidan a copy of this message to get her thoughts on a suggestion below.

Are you attending the Task Force meeting tomorrow? Aidan will be there for a while. She specifically wants to talk about the DoR information. I have not informed Sue about any of our work.

Here's what I think I know:

- We have money to pay for an intern
- According to Steve Browning we should assume and allow DoR to select the intern
- We need to collect information for 2002- which we can do immediately, and 2003 which needs to wait until second week of November.
- We want to collect
 - Type of gift
 - Credit claimed
 - Amount of donation
 - Done organization
 - Anything else?

I wonder if we should meet with Don Hoffman and then follow-up with a letter? Aidan and maybe Steve Browning could meet personally with Hoffman. I'm thinking Steve because I think he was in front of the work two years ago.

LUNCH & LEARN FEASIBILITY

Amy passed around a handout with the discussion thread on the website bulletin board of the subcommittee assigned to this subject (Steve Browning, Dennis Peterson, Judy Held, Jim Soft, Peter Sullivan, and Brian Magee). Sue noted that Jim had planned to contribute to the discussion but did not get the chance to do so.

John Eastman summarized that, at this point, Jim didn't think that holding L&L sessions this fall would be as helpful as after the 2005 Legislature, when there may be new information to include. John said he thought Jim was leaning toward holding off until Fall 2005 — although if the federal IRA rollover passes, then Yellowstone will be on the road immediately dispersing that information. Dale noted that Conrad Teitel and others don't think there's any way it will pass before the election. He added that everyone seems to like it, but some people are receiving too much pressure. Sue said that after the election there will be new faces in Congress as well; putting off the L&L sessions would help us organize it better, although it would be a loss of a great marketing tool this year.

Judy Held said that they would be doing something on their own in the Sidney area. Dale will also be teaching some workshops. Judy noted that anyone who is a member of Crescendo can take advantage of their program — there's one for donors (the title of which is "IRAs: Tax Free or Time Bomb?") and one for professionals, who can earn CE credit. Judy noted that it would be nice to have the TF take on the burden of presenting, in order to take advantage of its credibility. But she said that everyone can — and should — do their own thing in their own region.

Aidan agreed with the idea of postponing the L&L sessions until next fall because of upcoming changes in tax law. Judy Held agreed, but stressed that the planning needs to start NOW.

Sue thought that the website bulletin board worked well for this discussion, and suggested that the subcommittee continue the discussion, thinking about possible presenters who are both knowledgeable and

interesting. She also thought that attendees would be willing to pay for the handout materials in order that the sessions are a break-even venture. Judy suggested that it would be great if Jim were able to train the trainers. The trainers must have certain credentials in order to offer CE credits, which is critical.

Judy Held pointed out that the other issue is the handout material, which is Jim's. John Eastman agreed that it is an issue: they are somewhat concerned whether presenters using the materials Yellowstone has produced can adequately present the material. Judy asked whether Jim might be available to do the L&L sessions himself next fall. John said yes, if we are talking about fall, 2005. He reiterated that if the IRA rollover passes they will be making those presentations across the state.

Aidan thought there were many opportunities for underwriting/sponsoring the L&L sessions. She identified the issues that need to be addressed as:

1. Who produces the materials
2. Who trains the trainers

She thought it would be good to tag onto the associations, like the CPAs. Josh agreed, and added that one advantage of working with the associations is reducing liability. Sue suggested the Clark Pyfer be added the planning group because of the CPAs.

Judy Held asked: if there is a change in federal law and Yellowstone is going to do something on their own, does the TF want to sponsor this at all, or is everyone on their own? John Eastman replied that the L&L sessions were based on the tax credit. We've made two runs at it. It makes sense to wait until after the Legislature in order to present new information. He added that when they worked with the Montana Community Foundation before, they didn't feel the need to bring in new presenters. Sid noted that it happened occasionally, but not regularly. John sensed the group as wanting its own presenters, and asked who would take charge of organizing and claiming responsibility for the materials? He saw the big challenge as putting together a committee that can put together the materials for a group of presenters.

John Scibek thought that the manual Jim put together for the previous L&L sessions was good material, much of which was fairly general – public information. He didn't see what the liability would be. He thought the idea would be – with Jim and John's approval – to update the materials and distribute them to the presenters. He was hoping it wouldn't be that much work.

Sue raised the issue of locations for the potential L&L sessions. In the bulletin board discussion, Steve Browning thought that we should try and schedule them at a minimum in the following six locations:

Billings,
Missoula,
Great Falls,
Bozeman,
Helena and
Kalispell.

If financially feasible and assuming the availability of qualified presenters, he thought it would be extremely valuable, but not absolutely essential, if presentations were also provided in the additional six towns:

Havre,
Glasgow,
Sidney,
Glendive,
Miles City, and
Lewistown.

John Eastman shared a recent report to Ralph showing the numbers from the previous two L&L sessions – the breakdown of turnout at different locations, plus expenses (he pointed out that travel expenses were pretty much picked up by Yellowstone, as they arranged the sessions to coincide with other travel). He noted that Butte was not on the original schedule for the second round, as they had a small turnout in '97, but they requested it and the session went very well.

Josh thought we could charge \$30 now that we've done it twice. Sue lobbied for charging more, and charging an additional amount for the manual. She stressed that we have other things that require our funds, and that we've established enough credibility to do so. Linda pointed out that people would pay a lot more for CE credit. Aidan added that there is a whole new opportunity with the new administration. They could promote the TF; give it more of a public face. Both parties are enthusiastic, she added.

Sue suggested that, if we wish to include the associations in the discussion about the direction the L&L sessions should take, we need to think about which associations to include and who the contact person might be. Several suggestions were made:

- CPA Assoc. – Jane Campbell
- Bankers – Bob Throssel or Steve Tukowitz
- Bar Assoc.
- Certified Financial Planners
- Certified Life Underwriters
- Insurance Commissioner – Mary Arnold
- Trust companies

John Eastman stressed that it can take a long time to secure CE credit from some of these entities.

Sue said she'd like to have a bulletin board discussion about these groups and the contact names, and then get their input about doing L&L sessions next fall. Judy Wing shared that it was her hope that the L&L sessions this time around would include a section on how financial planners can talk to their clients about charitable giving. They need to know they are doing their clients a service. They did something like that in the Leave a Legacy program, and it was very effective. Judy Held said that we need to show the financial planners what's in it for them. Donor-managed investment accounts, for example – the money stays with them. She said she can't really answer the question, but said that it can't just be about "feel good" for the donor.

John Scibek said it sounds like we're back to talking about producing a video. He reminded that we'd discussed it before, but it fell flat for lack of funding. Sue thought that Dale's idea was a good one: having someone respected in the community give a brief presentation about "this is what I do with my clients, this is how effective it is, this is what I get out of it." Dale reiterated that it works best with a local person.

Judy Held said that they have an upcoming healthcare meeting and that she can report to participants that the TF will not be holding L&L sessions this fall, but let them know what they can do in its place. She said she'd relay back to the group any information or feedback she receives.

Sue said she thinks there are new people out there – new attorneys, financial planners. She thought that while we need to work out the nuts and bolts, we should be able to work it out to provide this service without taxing the Yellowstone Boys & Girls Ranch staff too much. John Eastman reiterated that their understanding is that the TF would be putting together a committee to develop the handout materials—not Jim. He said he would give the committee the manual and the Power Point presentation to work from, but said that the revised materials should be together by the Spring, as it takes awhile to line up the CE credit approval, and you need the accreditation before you put together marketing materials, which need to go out two months before the event.

Judy Held stressed to John Eastman that she hoped Jim knows how much everyone in the group appreciates him, his talents, and his hard work – he is invaluable. But she also wanted to make sure he knew that we didn't want to take advantage of him.

IRA ROLLOVER BILL

John Scibek reported that the primary emphasis in Congress has been moving away from the CARE Act and toward focusing on closing loopholes in charitable practices. He shared with the group a recent e-mail update from the National Committee on Planned Giving, who is hiring a lobbyist to push the separate IRA rollover bill. (NOTE: I have substituted a more recent update from John.)

Date: October 8, 2004
To: John C. Scibek
From: National Committee on Planned Giving

H.R. 4520 Proceeds to House and Senate Floors Without IRA Charitable Rollover Provision IRA Charitable Rollover Provision will Likely Not Move in this Congress

The American Jobs Creation Act, H.R. 4520, is headed to the House and Senate Floors without any portion of the CARE Act (S.476), including the IRA Charitable Rollover Provision. Last week there was a hopeful development as the IRA Charitable Rollover was discussed as a possible amendment to be introduced during conference committee proceedings, but the charitable provision failed to make the final chairman's mark. In the end Conference members strictly adhered to the rules of the conference by not offering provisions that were not in either the original House or Senate version of H.R. 4520. The Conference Committee for H.R. 4520 concluded its business last night (10/6).

Senate lawmakers are expected to take H.R.4520 up on October 8, the day after expected House action, but a possible filibuster over a tobacco buyout provision could push voting into the weekend. This bill is expected to be the last action taken before members of Congress head home for elections.

Sadly, it now appears highly unlikely that the IRA Charitable Rollover Provision, or the CARE Act will be dealt with during the 108th Congress. If the Congress reconvenes after elections, NCPG will continue to pursue all avenues for passage of CARE and the IRA Charitable Rollover Provision this year. We will begin immediately to formulate our strategies for the 109th Congress, which begins in January 2005.

ENDOWMONTANA WEB SITE

Galen reiterated that the website needs to be updated to make it more interactive, among other things. Dale said he looked at it recently and agreed that it doesn't "grab." Sid said that nowhere does it give a brief, succinct description of what the tax credit is, examples, how it works. Sue asked Galen how much time he could afford to put in to the web site. Galen reiterated that he needs content from the TF members – Steve Browning provided the material originally. It was suggested that we post a revised version of the old "MCF Express," and/or the MCF "Basics of Planned Giving" brochure.

Amy suggested that one person be assigned to browse through the web site and make a proposal about what should stay, what should go, and what new information is needed. Other could comment on that proposal, and then at the next meeting the group could assign individuals to obtain content to send to Galen. Sid agreed to take on that task. She will post her thoughts on the website bulletin board. Galen will create a new topic area for the discussion.

TAX CREDIT UPDATE

Aidan returned from a Revenue & Transportation interim meeting at the Capitol where they were reviewing the "Montana Corporate License Tax" report. She reported that 78 corporations claimed the Endowment Tax Credit in 2003, and that it was the second-highest tax credit claimed by corporations (the contractors gross receipts tax was #1). She also reported that she talked briefly with Don Hoffman — he asked for a proposal about the data we want.

He said the DOR is very strict about confidentiality, but he is confident that they can give us the information we seek. The group discussed what that information would be:

- \$ amount of gift
- \$ amount of tax credit
- type of credit
- donee organization (gift recipient)
- location of charity

John Scibek noted that electronic filers do not have to file the Qualified Endowment Credit, so we will not have access to several of the above data categories for those individuals. Sue thought that if we could get the information by December, it would be very easy to raise the money to hire AZ to turn the raw data into spreadsheet form in order to have something to show the Legislature.

Aidan will draft a proposal and send it to the group for comment before delivering it to Don Hoffman at DOR.

CANDIDATE CONTACT ASSIGNMENTS

Aidan said, in general, that TF members should be talking to everyone about the tax credit. Sid asked if there were specific assignments. Sue suggested waiting until after the election, then going to the Secretary of State's website to find out local elected officials. For those locales where we have little contact, we can make assignments at a TF meeting after the election.

Sid reported that we did not actually obtain a plank in the state Democratic party platform, but there was general support in the discussion of it. Someone suggested that it would be good to generate new enthusiasm right away with the next governor, and perhaps have him assign a liaison to the TF who regularly attends meetings. Sue suggested we make a special invitation to the Congressional representatives as well, so that they see first hand the depth and breadth of the group and the work we're doing. Sid said that Betsy Allen (Sen. Burns representative) generally reads the minutes we send her, and that Sen. Burns welcomes hearing about federal legislation pertaining to philanthropy. She noted that he is very supportive of the Task Force and philanthropy in general.

NEXT MEETING

The group agreed not to hold a meeting in October. Several members said they would be unable to attend on 11; it was agreed that the next meeting would be **Thursday, November 18** at the Northwest Power Planning Council conference room, unless the size of the group merits reserving the Livestock Building. Meeting adjourned at 1:30 p.m.