MINUTES

GOVERNOR'S TASK FORCE ON ENDOWMENTS AND PHILANTHROPY

Northwest Power Planning Council Conference Room
November 18, 2004

Present:

Sue Talbot, chair	Aidan Myhre
Sid Armstrong	Clark Pyfer
Barbara Anthony	John Scibek
Linda Coulston	Jim Soft
John Delano	Peter Sullivan
Spence Hegstad	Josh Turner
Amy Kelley	Jay Vogelsang
Brian Magee	Judy Wing
Galen McKibben	Ralph Yaeger

APPROVAL OF SEPTEMBER MINUTES

Sue asked if anyone would like to see changes made to the September minutes. There were no corrections or additions requested. The group unanimously approved the minutes by voice vote.

Sue asked for discussion on the proposal that the minutes be shortened, in the interest of lessening Amy's staff time and therefore saving money. All agreed, with a request the tasks and assignments be **boldfaced**.

FINANCIAL REPORT

Ralph distributed the Task Force Statement of Activities from July 1 through October 31, 2004. It showed $5,200 in contributions and $1,937.99 in expenses for and ending fund balance of $3,817.19. Contributors included three hospitals (Whitefish, Ronan, and St. John's Lutheran Retirement Center in Billings), the Yellowstone Boys & Girls Ranch, and Rocky Mountain College. Not reflected was a $2,000 contribution by the Montana Community Foundation, which went toward Aidan's lobbying contract for the TF, and another contribution from the United Way.

There was discussion about other fundraising possibilities. Ralph suggested it was a good time to approach the Trust Companies given that the legislature is about to meet. He said that Dennis Peterson and Judy Held have been very actively fundraising from the hospital community. Several assignments were made:

- **Ralph/MCF will ask their community advisors**
- **Ralph and Spence will approach Davidson Trust**
- **Ralph will talk to Neil Severenson at Wells Fargo**
- **John Scibek will forward to the CEO of the UM Foundation a record of their giving to the TF in order to renew their commitment**
- **Judy Wing will ask the United Ways**
- **Sue will send out thank you letters**

TASK FORCE REAUTHORIZATION BY THE NEW GOVERNOR

While not wanting to speak for the Governor-elect, Sid (who is the Appointments Advisor on the Transition Team) said that both Governor-elect Schweitzer and Lt. Governor-elect Bohlinger are both very supportive of the Task Force and have been proactive on the issues the TF cares about. She suggested the group start to plan for a Governor's Conversation to be held in the Fall of 2005. She suggested waiting until *after* they are in office to make any specific requests. (The Governor-elect made a surprise visit to the TF meeting to introduce himself, meet the members, and confirm that he looks forward to working together in the future.)

The group agreed that the things to ask of the new Governor would be:

1. **Formal reauthorization for continuation of the Task Force and its mission (it was agreed that the TF should put together a memo in January and meet with the Governor in person on this)**
2. **Support of the Endowment Tax Credit**
3. **More direct involvement by the Governor and Lt. Governor in TF activities**
4. **Support for a Governor's Conversation on Philanthropy in Fall 2005**
5. **Someone assigned from the Governor's office to regularly attend TF meetings**

DEPARTMENT OF REVENUE RESEARCH PROJECT

Aidan reported that she would be meeting the next day with Don Hoffman, acting director of the department. She had previously sent him a memo outlining the information the TF was interested in obtaining about Endowment Tax Credit claimants for tax years 2000, 2001 and 2002 (if available):

- Amount of Donation
- Type of Donation (One of six types of planned gifts or outright cash donation)
- Amount of Tax Credit claimed per tax payer
- Recipient charitable organization — who received the gift
- Location of charitable organization (i.e. statewide, Billings, etc.)
- Total number of individuals claiming the tax credit in each respective tax year
- Total number of corps or entities claiming the tax credit in each respective tax year

There was discussion around a concern Clark raised that the DOR was potentially auditing all tax credit claimants. Some understood it to be only those who filed electronically, who therefore do not provide the required substantiation material. Aidan said she would bring it up in the meeting with Don Hoffman.

> *(**NOTE**: Aidan reported to the group via e-mail after the meeting. She reported that the Department agreed to provide the information the TF is requesting, that it may take a few weeks to obtain, but that we should have the info prior to the 2005 Legislature. He also declined any financial assistance. He stated that the Department was NOT auditing every taxpayer who claimed a tax credit for a charitable endowment gift, although they may be asking for substantiation from taxpayers about credits claimed, which is not particular to the endowment tax credit but may apply to any individual tax credit, particularly for electronic filers.)*

Someone suggested that the TF write a brief "Year End Reminder" blurb reminding financial advisors and tax credit claimants to provide the requisite tax credit substantiation, especially if filing electronically. **Aidan said she would draft that blurb before the next meeting.** It was agreed that the text would be distributed to the CPA Association, Bar Association, Life Underwriters, and Montana Taxpayers Association for inclusion in their membership newsletters. **Judy will find out from the CPAs if they have a newsletter going out before the year's end; Aidan will contact Mary Whittinghill about the MT Taxpayers Association.**

TAX CREDIT UPDATE

Sue wanted to thank Aidan publicly for providing information about the Montana tax credit history to the group in Nebraska that seeks to form their own Governor's Task Force and initiate an endowment tax credit. Aidan shared this 2002/2003 information with the group:

- Charitable endowment tax credit claimed for individuals (not corps) in 2002: **$1,610,509**
- Total credit claimed by individuals for 2002: **$2,138,608**
- Number of individuals (not corps or pass through entities) claiming the credit in 2002: **676**
- Number of individuals claiming the credit in 2003: **707**

With the restoration of the credit to 40% and 20% at the beginning of 2003, she anticipated these numbers would continue to grow at a reasonable level, but most importantly, to stabilize. She also noted that the total credit claimed has held below $5 million, which is what the TF had promised the administration.

Aidan thought that the TF role for the 2005 legislative session should be that of monitor, maintaining the credit in its current form. Her plan is to send out a letter to all legislators at the beginning of the session giving a history of the tax credit and the numbers, and offering herself and the Task Force as a resource. **Aidan will draft that letter and submit it to other TF members for feedback.**

Sue asked Aidan whether TF members should formally meet with legislators before the session; Aidan thought it would be fine to keep it informal. **Judy Wing suggested that TF members attend local legislator roundtables as a way to meet and converse with legislators.**

LUNCH & LEARN PLANNING STRATEGY

Sue noted that there was no discussion on the website bulletin board on this issue, although we had assigned that at the September meeting. She opened to discussion whether the group wanted to hold Lunch & Learn sessions, and if so, when and where? Additionally, would Jim Soft want to be a trainer and, if not, could the TF use materials he'd created?

Jim proposed that, if we have no new information to present, it would be tough to gather an audience of professionals. However, he thought that if the agenda were changed to provide information about the substantiation requirements as well as the new Uniform Management of Institutional Funds Act (UMIFA), then the lawyers and accountants would come, and we could reinforce things taught at previous sessions. The timing is awkward, given the new UMIFA likely won't pass until later next year, after which the states have to enact it using their own language and any changes they want to make. **Aidan will get a legislator to sponsor a placeholder bill for this purpose.** Thirdly, if the federal CARE Act or the IRA Rollover passes, then there will be a lot of new information that needs to be presented.

Sue asked about raising the fee for the L&L sessions. Jim had an idea: put a value on the materials and the seminar, and add a contribution to the Task Force as part of the fee, for which attendees would get a receipt.

ENDOWMONTANA WEB SITE

Galen and Sid met and had several e-correspondences about a web redesign. Galen said that he still needs:

1. Information to update the list of organizations with endowments. He suggested hiring an intern to do this estimated 30-35 hour job. Judy Wing suggested contacting Andrea Vernon at the UM Office of Civic Engagement about an intern.
2. Links with the Montana Nonprofit Association members. **Galen, Brian, and Ralph will get together about this.**
3. Assistance in putting together a FAQ page. He thought that information could be gathered through a bulletin board discussion group.
4. Links to the Big Sky Institute web site on philanthropy facts. Josh said the site was not yet public. **Galen will work with Josh and Bill Pratt to obtain that data.**

Galen asked the group to visit the following web sites in thinking about redesigning ours:

- The Foundation for the Mid South http://www.fndmidsouth.org
- The Maine Community Foundation http://www.mainecf.org
- The Nebraska Community Foundation (especially their information on the transfer of wealth) http://www.nebcommfound.org/

Galen plans to have a new look for the group to discuss by the December meeting.

MONTANA NONPROFIT ASSOCIATION REPORT

Brian gave an overview of the recently released "Montana Nonprofit Sector Report," which is available for downloading off their web site: www.mtnonprofit.org/publications.html

He said that they plan to track the information in the report over the next several years. They are next looking at developing a Nonprofit Public Policy Council by next summer to begin looking at what the nonprofit sector needs to be strong and effective.

BIG SKY INSTITUTE UPDATE

Josh presented an effort just getting off the ground: the Montana Local and County Community Foundations Project**. Josh requested feedback from Task Force members on the concept paper** (**Amy will distribute via e-mail to members not present**). The project seeks to assess how local community foundations are doing, find out what their needs are and what the obstacles are to getting those needs met, and to identify those who'd be willing to come together as an audience, along with MCF, to provide support. She asked TF members to help identify who the project advisors might be. Montana will be a test case, and then the project will be exported to the other nine "Philanthropic Divide" states.

NEXT MEETING

Josh reported that she'd invited Donna Davis, the new development director of the Student Assistance Foundation, to attend the December meeting. Sue reiterated that the meetings are always open.

It was decided that the next meeting would be held on the regular second Thursday of the month:

> **Thursday, December 9, from 10 a.m. until 2 p.m. at the Northwest Power Planning Council Conference Room.**

Meeting adjourned at 1:00 p.m.