Senate Bill 108 - Renew Montana's Charitable Endowment Tax Credit

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EXHIBIT 1
DATE 3-13-13
HB SB108

1. Brief History of this amazing program
   a. Began in 1997, over the past 16 years has generated $130 Million to Montana endowments.
   b. Renewed by Legislatures in 2001 and again in 2007, set to sunset this year.
   c. Now it is time to Re-new this program for 6 more years.

2. Benefit to the People of Montana
   a. Lessens the burden of government to fund important programs
   b. A Tax Credit that is truly Philanthropic. With this one, you have to give wealth in order to benefit. (Not just adjust your social behavior, like most tax credits.)
   c. Keeps money from large estates, in the state, instead of all to out-of-state heirs

3. How it works
   a. Individuals (95% of participants are individuals) - great incentive to the wealthy, because they can deduct 40% of the value of the gift
   b. Businesses (5% of participants are businesses) – deduct 20% of the value of the gift (used by corporations, partnerships, LLC's)
   c. Contribute to any 501(c)3, <u>that has a Montana Endowment</u>

4. The Timely Importance at this place in our history
   a. There is a societal shift to more public/private partnerships (and less direct government support)
   b. This is good, stable tax policy (important now for planning)
   c. Sunsets in 2013 if we do not take action

5. Minor Amendments (Kurt Alme – former Director or Revenue)
   a. Pg 1, line 23: update our law to reflect adherence to the Uniform Prudent Management of Institutional Funds Act
   b. Pg 2, lines 15-24: corresponding definition of "permanent irrevocable fund"
   c. Pg 3, line 1: a contribution is not a planned gift unless payment begins during the expected life of the annuitant
   d. Pg 4, lines 11-12: we don't want outright gifts to qualify for the credit, so the annuity rates must be at least 5%

6. Summary

   a. This is a simple 6-year renewal of one of the strongest, more beneficial programs to our State. (a regular renewal means healthy accountability to the taxpayers.)
   b. This is good tax policy that helps people, and benefits the future of our state.