Endow Ohio

**FOR GOOD. FOR EVER.** In January 2013, Philanthropy Ohio embarked on an ambitious initiative to create a tax incentive in Ohio law encouraging people to donate to their local community foundations.

When adopted, the Endow Ohio tax credit will build and retain wealth for the prosperity and vibrancy of Ohio communities, in perpetuity. It will also strengthen the charitable giving in Ohio, which currently ranks 41st in the country in average charitable contributions.

Adoption of the tax credit will allow Ohio’s network of community foundations – which operate in nearly every county in the state – to invest additional dollars in improving their local communities. Ohio is home to the world’s first community foundation (The Cleveland Foundation, created in 1914), and today just more than 10 percent of the nation’s community foundations are located in the state. Together, these 86 organizations in 2011 invested more than $360 million in their communities, dollars that funded a wide array of nonprofits meeting critical community needs in health, education and human services, as well as enriching the lives of millions of residents.

As proposed, S. 211 and its companion H.B. 408, as amended in House Finance and Appropriations Committee in February 2014, would enable any Ohio taxpayer to receive a tax credit for charitable gifts to a permanent endowment fund at an eligible community foundation. Donors would receive a 50 percent credit on gifts up to $1,000 (aggregated) and a 20 percent credit on contributions over $1,000. The nonrefundable tax credit limit would be set at up to $10,000 for individuals and $20,000 for joint filers; the total pool of credits available from the state is set at $20 million and the provision would sunset in 2019.

Organizations eligible to offer the tax credit to donors are qualified community foundations meeting the definition in Ohio Revised Code section 2109.303 and in compliance with the Community Foundations National Standards. Alternately, an organization may be designated as an Endow Ohio Qualified Community Foundation for purposes of the Endow Ohio Tax Credit through a determination by Philanthropy Ohio. Gifts can be cash or publicly traded securities and can start a new endowment fund or be given to an existing endowment fund at an eligible community foundation. In either case, funds must be directed for use in Ohio.

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**ENDOW OHIO TASKFORCE MEMBERS**

Cara Dingus Brook  
Foundation for Appalachian Ohio

Keith Burwell  
Toledo Community Foundation

Brian Frederick  
Community Foundation of Lorain County

Kathryn E. Merchant  
The Greater Cincinnati Foundation

Ted Vander Roest  
Springfield Foundation
Adoption of the tax credit has the potential to raise significant dollars for use in communities, while making only a modest investment from state revenue. With a 20 percent tax credit and a tax credit pool of $20 million, endowment growth could reach $100 million in its first year, with 5 percent of this amount – $5 million – issued in grants to communities. With a typical return on investment of $8 for every $1 in grants, this would result in a one-year investment of $40 million in Ohio communities and a two-year investment of $80 million.

FREQUENTLY ASKED QUESTIONS

WHY SUPPORT ENDOW OHIO?

1. Retain and Share Wealth in Communities: Over the next 50 years, Ohio will experience an estimated $1.07 trillion transfer of wealth, as one generation of Ohioans passes its assets on to the next. Endow Ohio will help communities across the state capture some of this wealth to address critical community needs now, while growing funds for the future.

2. Increase Charitable Giving in Ohio: Ohioans are generous philanthropists but the state still only ranks 41st in the country in average charitable contributions. The tax credit creates an incentive for individuals to increase their charitable donations to Ohio’s strong network of community foundations, organizations they trust to make the best use of their gifts in grants to effective nonprofits.

3. Enhance opportunities for economic and community development: With a typical return on investment of $8 dollars for every $1 given in grants, Endow Ohio would result in a one-year investment of $40 million in Ohio communities and a two-year investment of $80 million. Over a generation, this could translate into $800 million in grants. Endow Ohio offers an unprecedented opportunity to build resilience and opportunity for all Ohioans today, tomorrow and forever.

WHAT IS A COMMUNITY FOUNDATION?

A community foundation is a nonprofit, publicly supported, nonsectarian philanthropic institution with a long term goal of building permanent funds established by many donors to carry out their charitable interests and for the broad-based charitable interest of and for the residents of a defined geographic area.

WHAT IS A PERMANENT ENDOWED FUND?

A permanent endowed fund seeks to protect the long-term value of funds by balancing principal protection with distributions. Typically, a community foundation’s spending policy makes 5 percent of a fund’s average principal balance available for distribution annually for grants to non-profit organizations. By law, endowments are required to follow the regulations for managing assets as described in the Uniform Prudent Management of Institutional Funds Act (UPMIFA).