



SB2220: Endow Mississippi Program Implementation

Program Regulations

June 12, 2019

Section 1. Enabling Authority for Endow Mississippi Program. The Mississippi Alliance of Nonprofits and Philanthropy (the Alliance), the successor entity for the Mississippi Association of Grantmakers, is designated by the legislation establishing the Endow Mississippi Program (the Program) (Senate Bill 2210; 2019 Legislature) as having responsibility for the implementation and management of the Program. These regulations provide further structure to the Program and guidelines for the implementation of the Program through Mississippi's community foundations.

Section 2. Qualifying Community Foundations. The Alliance recognizes the following community foundations in Mississippi as meeting the Program's requirements for "qualifying community foundations," and as eligible for participating in the Program: Community Foundation for Mississippi (Jackson), Community Foundation of East Mississippi (Meridian), Community Foundation of Northwest Mississippi (Hernando), Community Foundation of Washington County (Greenville), CREATE Foundation (Tupelo), Pinebelt Foundation (Hattiesburg), Gulf Coast Community Foundation (Gulfport).

Section 3. Allocation of Tax Credits.

- A. The seven (7) qualifying community foundations shall receive an initial allocation equal to ten percent (10%) of the total amount available in tax credits. This initial allocation may be accessed from January 1 through September 30 of each calendar year, beginning on January 1, 2019, with each community foundation offering credits to applicants on a first come, first served basis. Should any community foundation not use its initial allocation of tax credits by September 30 of a calendar year, any remaining credits not so allocated shall be returned to the general pool of credits for distribution on a first come, first served basis, without regard to the community foundation from which the applications originate.
- B. Each calendar year, a pool equal to thirty percent (30%) of the total amount available in tax credits shall be held in reserve until such time as qualifying community foundations exhausts their initial allocation of tax credits, at which time such community foundations can access this reserve pool on a first-come first-served basis, without regard to the community foundation from which the applications originate. On October 1 of each calendar year, any credits not used from the initial allocations to the community foundations by September 30, shall be added to this reserve pool and allocated to applicants on a first come, first served basis without regard to the community foundation from which the applications originate.
- C. For the purposes of this section, "first come, first served basis" means that applications will be prioritized based on the date and time on which the local community foundation receives and logs in such applications.

Section 4. Gifts Qualifying for Endow Mississippi Tax Credits.

- A. A qualifying contribution or gift is an endowment gift of a minimum of one thousand dollars (\$1,000.00) and a maximum of two hundred thousand dollars (\$200,000.00) made to a qualifying community foundation for an endowed fund established to substantially benefit charitable causes in Mississippi, and that is a charitable gift as defined in Section 170(c) of the Internal Revenue Code.
- B. A qualifying contribution may take any form, subject to the giving policies of the qualifying community foundation to which such gift is made.
- C. An endowment gift is an irrevocable contribution to an endowed fund held by a qualifying community foundation.
- D. An endowed fund is one held in a qualifying community foundation that provides benefits to charitable causes in Mississippi and is intended to exist in perpetuity. An endowed fund may include, but is not limited to, donor-advised funds, community foundation affiliate funds, field-of-interest funds, agency funds and designated organizational funds, but must be a fund intended to be held in perpetuity, with annual distributions not to exceed five percent (5%) of the assets of the fund.
- E. The Alliance will make all final determinations regarding whether a gift meets the requirements of this Section, including whether the fund to which the gift is made constitutes an endowed fund under this Program.

Section 5. Rules Governing Tax Credits.

- A. Subject to the limitations in this section, a taxpayer shall be allowed a credit against the tax imposed by Chapter 7, Title 27 of the Mississippi Code in an amount equal to twenty-five percent (25%) of a qualifying gift to an endowed fund at a qualified community foundation.
- B. The minimum amount for a qualified contribution is one thousand dollars (\$1,000.00).
- C. The maximum amount for a qualified contribution is two hundred thousand dollars (\$200,000.00).
- D. The maximum qualified contributions from any taxpayer eligible for Endow Mississippi Program tax credits in any year is two hundred thousand dollars (\$200,000.00).
- E. If a taxpayer receives tax credits in any calendar year and said tax credits exceeds the tax imposed by Chapter 7, Title 27 of the Mississippi Code, any such excess amount may be carried forward for up to three (3) taxable years from which the credits are approved and made available.
- F. A taxpayer may not take a tax credit for a gift and claim the full amount of the gift as a charitable deduction. However, a taxpayer may take a tax credit on a gift and claim the remainder or portion of a gift not taken as a credit as a charitable deduction. (Example: A taxpayer makes a qualified gift of \$10,000. The taxpayer can receive and take a \$2,500 Endow MS tax credit on the gift, and still claim the remaining \$7,500 as an itemized charitable deduction.)
- G. Tax credits issued under this Program may not be sold or otherwise transferred to any taxpayer other than the taxpayer to which the credits are issued.

Section 6. Application Process.

- A. Application forms for the Endow Mississippi Program tax credits shall be made available in print form and online by the Alliance and by all qualifying community foundations. Such forms shall be created and distributed by the Alliance, and all qualifying community foundations must utilize the same application form.
- B. Applications must be submitted to a qualifying community foundation. Each qualifying community foundation may determine the methods by which it will receive applications (hand delivery, mail, fax, email, etc.), and publish said methods on its website.
- C. Applications shall be jointly submitted to and certified by the applicant for the tax credit and the qualifying community foundation. The qualifying community foundation is responsible for logging the date and time of the submittal of each application, reviewing the application and certifying its compliance with the Program rules and regulations, and forwarding the application to the Alliance.
- D. The Alliance will review and certify applications as eligible for Endow Mississippi Program tax credits, and provide a list of applications so approved, along with documentation showing eligibility for credits for the taxpayer, to the qualifying community foundations, who are responsible for issuing notices of approval to taxpayers and securing the qualifying contributions.
- E. Qualifying contributions must be actually received by October 31 of each calendar year. If any contributions are not received by that date, the tax credits held for such contributions will be returned to the reserve pool and awarded to other qualifying applications on a first-come, first-served basis.
- F. The qualifying community foundations will report to the Alliance as gifts are secured that are eligible and approved for tax credits, and report immediately to the Alliance any gifts that are approved for tax credits but which are not or cannot be secured.
- G. The Alliance will provide periodic reports, not less than monthly, on the total amount of tax credits allocated, the total amount of tax credits available, and other data as the Alliance deems appropriate to further the goals of the Program.
- H. When all available tax credits are allocated and awarded within any calendar year, any remaining applications for tax credits which cannot, due to this fact, be awarded any credits, shall be considered null and void, and may not be considered in any subsequent year. Applications, to be eligible for tax credits in subsequent years, must be filed by the appropriate community foundation at the start of each calendar year.

Section 7. Marketing and Promotion of the Program.

- A. The Alliance will develop templates and other marketing and promotional documents describing the Endow Mississippi Program, as well as templates for the Alliance website describing the Program
- B. Qualifying community foundations must use content that reflects and is consistent with the enabling legislation for the Endow Mississippi Program and with these regulations, in marketing and promoting the Program within their service area. Copies of all such marketing and promotional materials shall be made available to the Alliance for review.
- C. While not a requirement of the legislation, qualifying community foundations are permitted and encouraged to develop, within the constraints of the legislation and these

administrative rules and regulations, their own strategies for marketing the Program, such as targeting new donors or encouraging small donations to endowed funds.

Section 8. Fees for Services.

- A. For its services in overseeing and managing the Program, the Alliance will charge a fee equal to one percent (1%) of the amount of each qualifying gift for which a tax credit is approved through the Endow Mississippi Program in calendar year 2019. In following calendar years, this fee will be one half of one percent (0.5%).
- B. This fee shall be paid by each qualifying community foundation, on a quarterly basis at the end of March, June, September and December annually, based on the total amount of endowed gifts that the Alliance approves for each qualifying community foundation in that quarter.

Section 9. General Administration.

- A. The Alliance may issue additional rules and regulations governing the Endow Mississippi Program at any time by reducing such rules and regulations to writing and submitting them by email to the contact persons at all qualifying community foundations.
- B. Questions concerning these rules and regulations should be submitted to Sammy Moon, Executive Director, Mississippi Alliance of Nonprofits and Philanthropy, at sammy.moon@alliancems.org.