



February 5, 2025

Members of the House Committee on Taxation
Kansas State Capitol
Room 346-S
Topeka, Kansas

RE: House Bill 2208

Mr. Chairman and Members of the Committee:

On behalf of the Kansas Association of Community Foundations ("KACF"), a leadership organization representing 116 community foundation and affiliate of community foundation members, I am submitting comments in support of HB 2208 "concerning taxation; relating to income and privilege tax credits; enacting the endow Kansas tax credit act; establishing a tax credit for endowment gifts to certain endowment funds held by qualified community foundations."

Overview

KACF leverages resources, strengthens and promotes community philanthropy, and inspires action that improves the quality of life in Kansas communities. Community foundations serve as key institutions in many communities to promote charitable activity and are particularly important to rural communities that may not have another anchor institution. Kansas community foundations vary widely in total assets and capacity for community investment and are focused on supporting key community priorities such as health, childcare, education, housing, and economic opportunity.

Kansas community foundations:

- cover nearly every county in Kansas,
- strengthen their communities by building endowments,
- provide grants to local non-profit organizations for local causes, and
- promote philanthropy through community leadership.

HB 2208 Endow Kansas

The Endow Kansas Tax Credit Act creates an income tax credit for taxpayers who provide an endowment gift to an 'unrestricted' or 'field of interest' permanent endowment fund held by a qualified community foundation in Kansas. By adopting this tax credit, the state could potentially generate significant funds to benefit Kansas for generations to come.

Enacting the Endow Kansas tax credit act:

- Empowers communities through charitable contributions
- Maximizes and leverages the impact of private funds
- Ensures that Kansas's transfer of wealth benefits local communities
- Inspires new giving to support Kansas, both today and for future generations
- Cultivates local leaders dedicated to community growth
- Positions Kansas and its community foundations as champions of philanthropy

Tax Credit Programs Incentivize Giving

Providing a tax credit incentive to promote giving to permanent endowment works. Illinois, Iowa, Kentucky, Maryland, Mississippi, Montana, and North Dakota have similar tax credits.

- Endow Kansas is modeled after successful tax credit programs in other states.
- In its first two years (2019 – 2020), Endow Mississippi leveraged \$4 million in donations to endowment funds at Mississippi community foundations, making a difference for its residents and communities. (*Endow Mississippi, Program Impact facts*)

Kansas's Transfer of Wealth

Endowment funds retain wealth, helping to capture Kansas's transfer of wealth.

- Over the next decade, Kansas is poised to see a significant generational wealth transfer, totaling \$398.2 billion in 2023 dollars, indicating strong potential for community investment and development.
- Capturing just 5% of this wealth transfer for community foundation endowments by 2035 could result in a substantial \$18 billion boost to local economies and initiatives.
- The study projects an astounding \$1.1 trillion transfer of wealth in Kansas over the span of half a century (2023-2073), which presents a long-term opportunity for sustained community growth and support.

(CEDBR, *Transfer of Wealth Study – 2024*)

Perpetual Funding

Kansas community foundations recognize that incentives, such as tax credits, encourage charitable giving. Unrestricted gifts—while often the hardest to secure—provide the greatest flexibility and impact in meeting ever-changing community needs.

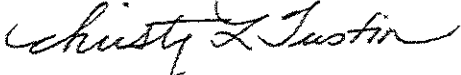
- Endowment funds provide a stable, ongoing source of support for local nonprofits and initiatives, bridging funding gaps and securing the future of essential programs.
- Unrestricted and field of interest endowments strengthen local charitable resources today and for future generations, ensuring sustained support for both current and unforeseen community needs.
- City and county-wide endowments give residents the opportunity to invest in their community's evolving needs, adapting to challenges and opportunities over time.

Conclusion

Kansas, through HB 2208, has an opportunity to empower residents to significantly increase charitable giving through tax credits, helping to grow local philanthropic resources. By leveraging these incentives, community foundations can maximize their impact, ensuring greater support for nonprofits and addressing critical needs in both rural and urban communities.

We encourage the Committee to advance this bill.

Sincerely,

A handwritten signature in cursive script, reading "Christy L. Tustin".

Christy L. Tustin, Executive Director
Kansas Association of Community Foundations