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December 3, 2019

The Honorable Lynn Afendoulis, Chair, and  
Members of the Tax Policy Committee  
Room 521, House Office Building  
Lansing, MI 48933

RE: Grand Rapids Community Foundation support for House Bill 4993

Dear Chairman Afendoulis and Members of the Committee,

We are writing on behalf of the Grand Rapids Community Foundation to express our support for House Bill 4993, which would restore the charitable tax credit for contributions to Community Foundations.

As Kent County grows and evolves over time, so do the issues and opportunities we face. This reality is at the heart of why community foundations exist. Community foundations are about people coming together to express their love, passion and commitment for the places they call home. Community Foundations create opportunities for individuals to create legacies through their giving that will benefit the community during their life and beyond.

Since 1922, Grand Rapid Community Foundation has played a key role in identifying and solving community problems throughout Kent, Ottawa and Ionia counties. Our mission is simple, yet mighty: To build and manage our community's permanent endowment and lead the community to strengthen the lives of its people.

We are an endowment building organization that is designed to ensure a growing source of capital that will benefit this community *forever*. Our funds grow through contributions from donors of all ages, races and income levels that are pooled with thousands of gifts from fellow community members. These gifts are invested in the stock market and managed professionally for long-term growth. Each year, a portion of these donations is then granted out to support the work of nonprofit organizations on the front lines of service in Kent, Ottawa and Ionia Counties. Because of the collective generosity of our supporters, Community Foundation assets now exceed \$350 million and we invest nearly \$14 million in the community annually. Since our founding, the Grand Rapids Community Foundation has awarded over \$260 million dollars to a variety of non-profit organizations all across the communities we serve.

Community Foundation assets are held in over 800 funds that have been created by individual donors, nonprofit organizations and business partners to address the needs of our community in perpetuity. Funds are created to accomplish a variety of charitable



purposes. The types of funds we offer include Donor Advised, field of interest, unrestricted, scholarship, community and nonprofit funds. Approximately 12% of Foundation assets are classified as nonprofit funds that were created by organizations such as D.A. Blodgett, Boys and Girls Club of Grand Rapids Youth Commonwealth and Opera Grand Rapids.

Our discretionary grantmaking is informed by partnerships with the City of Grand Rapids and Kent County, a variety of community coalitions as well as non-profit and business leaders. What we fund includes education, the environment, health, the arts and social engagement, neighborhoods and prosperity. How we fund is informed by our partnerships and the community's unexpected and changing needs.

When Michigan offered the tax credit in 1989 it provided a dramatic boost to our early development efforts and until the credit was eliminated in 2012, we enjoyed steadily increasing annual contributions to all of our endowed funds. When the tax credit was eliminated, the Grand Rapids Community Foundation experienced a 70% decrease in the total value of \$200 - \$400 gifts over the next two years (see attached).

As an organization, our development strategy is based on the notion that deepening relationships over time will result in increasing levels of donor support. For this strategy to work, we must have a pipeline of prospective donors with whom to grow relationships over time. The tax credit played a critical role in our pipeline development efforts and since then, we have had to develop other, more costly, strategies to attract new supporters.

Restoring the credit for endowed funds at local community foundations is important to the financial sustainability of our community. According to a study completed by the Johnson Center in 2013, the loss of the tax credit has resulted in a 27.5% drop in giving to the state's community foundations. Restoring these credits not only allows community foundations to continue to grow sources of support for the non-profit organizations that are serving our communities, it also provides a tool for bringing donors of all ages and income levels together for the betterment of the communities we serve.

We appreciate this opportunity to share our support for House Bill 4993. If you have questions or if there is further information we can provide, please feel free to contact Marilyn Zack at 616-454-1751 or [mzack@grfoundation.org](mailto:mzack@grfoundation.org). Thank you for your consideration.

Respectfully

Diana R. Sieger  
President

Marilyn Zack  
Vice President of Development

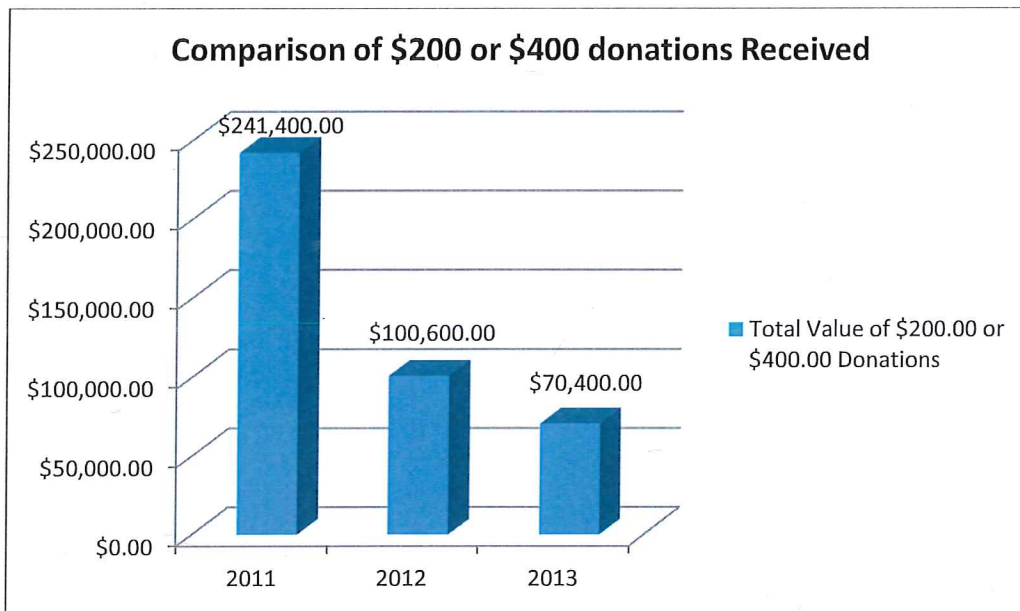


Community Foundation Tax Credit Survey - Grand Rapids Community Foundation			
Excludes Gifts to Challenge Scholars Campaign			
Calendar Year	2011	2012	2013
Quantity (#) of Donations at \$200.00	353	211	170
Total Amount of \$200.00 Donations	\$70,600.00	\$42,200.00	\$34,000.00
Quantity (#) of Donations at \$400.00	427	146	91
Total Amount of \$400.00 Donations	\$170,800.00	\$58,400.00	\$36,400.00
Quantity (#) of donations of \$400.00 and under	1827	1316	1635
Total Value of donations of \$400.00 and under	\$359,664.22	\$199,257.06	\$180,621.58

**FIRST TIME DONOR ANALYSIS**

Number of FIRST TIME donors who gave exactly \$200 or \$400 to our foundation 2010-2013.

	2010	2011	2012	2013
First time \$200.00 Donors	25	31	13	13
First Time \$400.00 Donors	32	58	10	2



*The chart above represents a **70% decrease** in total value of gifts received at the \$200 or \$400 level between 2011 and 2013.*