

CHAPTER 71

(SB 227)

AN ACT relating to philanthropy.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

Sections 1 to 7 of this Act shall be known as the "Endow Kentucky Program."

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

The purpose of Sections 1 to 7 of this Act is to enhance the quality of life for citizens of the Commonwealth through increased philanthropic activity by providing capital to new and existing citizen groups of the Commonwealth organized as community foundations and working to establish endowment funds that will address community needs, and also to encourage individuals, businesses, and organizations to give to community foundations.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

As used in Sections 1 to 7 of this Act, unless the context requires otherwise:

- (1) *"Affiliate community foundation" means a philanthropic foundation organized or operating to serve an identified geographic area within the Commonwealth, and which:*
 - (a) *Is affiliated with a qualified community foundation; and*
 - (b) *Is certified by the commission pursuant to Section 6 of this Act;*
- (2) *"Commission" means the Endow Kentucky Commission established in Section 7 of this Act;*
- (3) *"County-specific component fund" means a fund of a qualified community foundation that is restricted to serve an individual county;*
- (4) *"Endowment gift" means an irrevocable contribution to a permanent endowment held by a qualified community foundation, county-specific component fund, or affiliate community foundation;*
- (5) *"Fund" means the community endowment fund established by Section 4 of this Act; and*
- (6) *"Qualified community foundation" means a philanthropic foundation organized or operating in the Commonwealth that:*
 - (a) *Substantially complies with the national standards for community foundations established by the National Council on Foundations;*
 - (b) *Is classified as a 501(c)(3) tax-exempt organization by the Internal Revenue Service; and*
 - (c) *Is certified by the commission pursuant to Section 6 of this Act.*

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

- (1) *The community endowment fund is established as a separate trust and agency account in the State Treasury. The fund shall consist of funds appropriated from the general fund, and any other proceeds from appropriations, contributions, gifts, or grants made available for the purposes of the fund.*
- (2) *Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of a fiscal year shall not lapse but shall be carried forward to the next fiscal year.*
- (3) *Any interest earnings of the fund shall become a part of the fund and shall not lapse.*
- (4) *The fund shall be administered by the Governor's Office for Local Development, and moneys in the fund shall be used to provide grants under Section 5 of this Act.*

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

- (1) *The Governor's Office for Local Development may:*
 - (a) *Establish a capacity building grant program, through which it may provide qualified community foundations, county-specific component funds, and affiliate community foundations with grants*

from the fund for the purpose of developing and enhancing the receiving foundation's capacity to operate and execute its mission, subject to the following restrictions:

1. *No qualified community foundation, county-specific component fund, or affiliate community foundation may receive more than one (1) capacity building grant during any fiscal year;*
 2. *No single capacity building grant shall exceed fifty thousand dollars (\$50,000); and*
 3. *At least forty percent (40%) of funds awarded as capacity building grants shall be provided to newly established or emerging qualified community foundations, county-specific component funds, or affiliate community foundations that specifically seek to address the needs of rural areas of the Commonwealth;*
- (b) *Establish a challenge grant program, through which it may provide qualified community foundations, county-specific component funds, and affiliate community foundations with grants from the fund for the purpose of building community-based unrestricted endowment funds by encouraging individuals, businesses, and other organizations to provide endowment gifts, subject to the following restrictions:*
1. *No qualified community foundation, county-specific component fund, or affiliate community foundation may receive more than one (1) challenge grant during any fiscal year;*
 2. *Challenge grants may be provided in amounts not to exceed fifty percent (50%) of the amount of privately donated endowment gifts provided to the receiving qualified community foundation, county-specific component fund, or affiliate community foundation during the one (1) year period preceding the grant award. However, no single challenge grant shall exceed five hundred thousand dollars (\$500,000); and*
 3. *At least forty percent (40%) of funds awarded as challenge grants shall be provided to newly established or emerging qualified community foundations, county-specific component funds, or affiliate community foundations that specifically seek to address the needs of rural areas of the Commonwealth; and*
- (c) *Promulgate administrative regulations in accordance with KRS Chapter 13A to administer this section.*
- (2) *Upon the establishment of any grant program under this section, the Governor's Office for Local Development shall provide an annual report to the commission, which shall include:*
- (a) *The total number of grant requests submitted during the year, along with the amount of funds requested and the identity of the foundation making the request; and*
 - (b) *Information regarding all grants actually awarded during the year.*

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

- (1) *In order to receive grants from the fund under Section 5 of this Act, a qualified community foundation, county-specific component fund, or affiliate community foundation shall substantially comply with the national standards for community foundations established by the National Council on Foundations, and be certified by the commission. The commission may charge a nonrefundable administrative fee to cover the costs associated with the certification process, not to exceed one thousand dollars (\$1,000) per certification application.*
- (2) *The commission shall:*
 - (a) *Maintain a current list of all qualified community foundations, county-specific component funds, and affiliate community foundations which are certified. This list shall be:*
 1. *Published on a Web site which is accessible to the general public; and*
 2. *Provided to the Governor's Office for Local Development and the Department of Revenue; and*
 - (b) *Perform a biennial review of each qualified community foundation, county-specific component fund, and affiliate community foundation which has been certified to ensure that it remains in compliance with all requirements mandated by this section or by administrative regulation.*

- (3) *The commission may promulgate administrative regulations in accordance with KRS Chapter 13A to administer this section.*

➔SECTION 7. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

- (1) *There is hereby established the Endow Kentucky Commission, which shall be responsible for the planning, implementation, and direction of a strategic and collaborative philanthropic partnership to focus on building endowment funds that will address community needs through community foundations.*
- (2) *The commission shall be attached to the Governor's Office for Local Development for administrative purposes.*
- (3) *The duties of the commission shall include but not be limited to the following:*
- (a) *Explore opportunities for funding for the community endowment fund established by Section 4 of this Act;*
 - (b) *Consult and advise the Governor and the agencies, departments, boards, and commissions of the Commonwealth, as well as local governments, on matters pertaining to philanthropy;*
 - (c) *Provide technical assistance to qualified community foundations and affiliate community foundations; and*
 - (d) *Review and certify community foundations pursuant to Section 6 of this Act.*
- (4) *The membership of the commission shall consist of:*
- (a) *The secretary of the Cabinet for Economic Development, or his or her designee;*
 - (b) *One (1) citizen member engaged in private rural development philanthropy, or who represents private rural development philanthropic interests, to be appointed by the Governor;*
 - (c) *One (1) representative of each community foundation that is organized or operating in the Commonwealth and in compliance with the national standards for community foundations established by the National Council on Foundations, to be appointed by the Governor; and*
 - (d) *One (1) representative from the area development districts appointed by the Governor from a list of names submitted by the executive directors of the area development districts.*
- (5) *The Governor shall appoint members for a term of two (2) years, and any member may be reappointed. The members shall designate the chair of the commission from among the membership.*
- (6) *Members shall serve without compensation, but shall be reimbursed for their actual expenses incurred in the performance of commission duties in accordance with KRS 45.101 and administrative regulations promulgated thereunder.*
- (7) *The commission shall meet upon the call of the chair, but not less than twice each year.*

Signed by Governor April 7, 2010.