

Ballot amendment eyes non-profits

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When voters face the ballot on May 11, they will find just one state constitutional amendment. But for non-profit organizations and public endowments, it's an important one.

Non-profit organizations are tax exempt. Public endowments are too, and are created from charitable gifts to a community. Funds are invested and the interest is spent on public projects.

The Imperial Community Foundation is one example of a public endowment.

The amendment seeks to authorize use of revenue bonds to develop property for use by non-profit enterprises.

At present, non-profits which want to construct facilities or purchase equipment can't use tax exempt financing, or partner with local governments for

financing.

They must raise their money independently or take out a loan through their local bank for larger projects.

Jeff Yost, president and CEO of the Nebraska Community Foundation, said an example would be a YMCA in Lincoln, which received pledges from donors to be paid over a six to eight-year period. However, a taxable commercial loan still had to be taken out, as money was needed up front to construct the building.

"If Amendment I was in place they could have partnered with (the city of) Lincoln to issue revenue bonds with cheaper interest rates, because it would be on a tax-exempt basis," he stated.

If Amendment I passes, he added, "What's available to a few non-profits will now be available to all non-profits."

How funding would work, he said, is that a non-profit

organization would approach, say, the city of Imperial, to issue a revenue bond as a tool to finance future construction projects, equipment needs and other personal property.

The bonds offer lower interest rates, often two to three percentage points less than conventional loans.

There is no responsibility of the taxpayer this way. The non-profit organization is pledged to pay off the bonds through contributions and other fundraising efforts.

"Local taxpayers are not on the hook to pay off" the bonds, Yost emphasized.

He said the biggest opponent to Amendment I is "that the general public is not well-informed." This is the third time a similar amendment has been on the Nebraska ballot.

"Amendment I is one more tool in the tool kit for all non-profits," he stated.