



## **FUNDING OPPORTUNITY FOR CONSERVATION DISTRICTS**

At the 2011 area meetings, Ray Ledgerwood made us aware of a funding opportunity that is in our statutes.

### **Conservation Districts are empowered to receive contributions and the contributions are tax deductible to the donor.**

This ability is spelled out in Montana Law (Section 76-15-403 (8) and the Internal Revenue Code Section 170 (c) (1).

The Montana law specifically allows Conservation Districts to accept donations, gifts and contributions in money, services, or otherwise from the United States, from the State, or from any other source, and use or expend funds or other contributions to conduct its operation.

The Internal Revenue Code allows contributions to governmental units such as states and political subdivisions to be **tax deductible** to the donor, provided the contributions are used for exclusively public purpose. In addition, under section 115 (1), income to governmental units is not taxable. Districts that receive contributions must report in writing to the donors to recognize the value of the contribution. For non-cash contributions this may require appraisals.

This means that Conservation Districts can solicit contributions from private sources and the contributions will be tax deductible to the donor just as it would if made to a 501 (c) (3) entity. The contribution must be used exclusively for public purpose. Because of the nature of work in the Conservation Districts, this requirement generally would not be an issue. In addition, there is no tax reporting requirement.

A Governmental Information Letter can be obtained for individual Conservation Districts. The letter will be addressed to the applying District. The letter provides a document from the IRS to show potential donors that their contribution will be deductible. This letter may be obtained by calling the IRS (1-877-829-5500). You will need your taxpayer identification number and your address. Currently, when you get the IRS automated answering: Query 1-select option 4, Query 2-select option 2.

A copy of a governmental information letter is attached.

**Thanks to MACD Board Member Gary Giem for his research providing this information.**