



## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

**2011 Assembly Bill 224**

**Senate Amendment 2**

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*Current law* governs the disbursement of gifts, bequests, or endowments made to *public libraries*. Among other options, a library board may pay or transfer a gift, bequest, or endowment to a charitable organization described in s. 501 (c) (3) of the Internal Revenue Code and exempt from federal income tax if the purpose of the charitable organization is to provide financial or material support to a public library.

Current law provides that a *school board* may receive, accept, and use gifts or grants of money, furniture, and other property. The school board must use or invest the gift or grant as specified by the donor. If the donor does not specify how the gift or grant must be used, the school board may determine the use or invest any money in accordance with the laws that are applicable to trust investments.

*Assembly Bill 224* provides that a library board may pay or transfer a gift, bequest, or endowment to a community foundation, instead of a charitable organization that provides financial or material support to a public library. The bill defines “community foundation” as a charitable organization dedicated to encouraging and assisting charitable activities and enterprises in a designated community in Wisconsin and having expertise in finance, fund development, and grant-making. The organization must be a charitable organization described in s. 501 (c) (3) of the Internal Revenue Code and exempt from federal income tax.

A gift, bequest, or endowment may be transferred to a community foundation under the bill only if the library board and the community foundation agree, in writing and at the time of the payment or transfer, to each of the following:

- The community foundation agrees to make disbursements from and of the gift, bequest, or endowment to the library board upon the written request of the library board.
- The library board retains control over the manner in which any such disbursement is used.

- The library board exercises its right over the use of each such disbursement made in accordance with the laws applicable to trust investments and the statutory chapter governing libraries.

The bill also gives school boards the authority to transfer a gift or grant, if the donor does not specify how the gift or grant must be used, to a community foundation under the same conditions as the bill provides for library boards.

*Senate Amendment 2* permits a library board to pay or transfer a gift, bequest, or endowment to a community foundation *or* to a charitable organization that provides financial or material support to a public library, as described above.

The amendment also specifies that a library board's use of any disbursement made by a charitable organization or a community foundation must be consistent with the intent of the donor of the gift, bequest, or endowment and with the agreement between the library board and the charitable organization or community foundation. Likewise, under the amendment, a school board's use of any disbursements made by a community foundation must be consistent with the intent of the donor of the gift, bequest, or endowment and with the agreement between the school board and the community foundation.

### *Legislative History*

The Senate Committee on Education offered Senate Amendment 2. On January 11, 2012, the committee voted unanimously to recommend adoption of Senate Amendment 2 and passage of the bill, as amended.

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