



Charitable Contributions

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

The University of Tennessee
Municipal Technical Advisory Service
1610 University Avenue
Knoxville, TN 37921-6741
865-974-0411 phone
865-974-0423 fax
www.mtas.tennessee.edu

Table of Contents

| | |
|--------------------------------|---|
| Charitable Contributions | 3 |
|--------------------------------|---|

Charitable Contributions

Reference Number: MTAS-1836

One budget management issue that comes up frequently is the subject of charitable contributions. How many times have you been asked to contribute to the high school marching band, the Dixie Youth League, the Boy Scouts, the Girl Scouts, or a family who lost everything in a house fire? While your heart may go out to each one of those groups, oftentimes city money can't. The attorney general has issued several opinions [1] on the subject. Before the governing body agrees to donate money, be very sure that the charity meets all legal requirements. T.C.A. § 6-54-111:

(2) (A) For the purposes of this section, "nonprofit charitable organization" is one in which no part of the net earnings inures or may lawfully inure to the benefit of any private shareholder or individual and that provides year-round services benefiting the general welfare of the residents of the municipalities.

(2) (B) For the purposes of this section, "nonprofit civic organization" means a civic organization exempt from taxation pursuant to § 501(c)(4) or (c)(6) of the Internal Revenue Code of 1954, codified in 26 U.S.C. § 501(c)(4) or (c)(6), which operates primarily for the purpose of bringing about civic betterments and social improvements through efforts to maintain and increase employment opportunities in the municipality by promoting industry, trade, commerce, tourism and recreation by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, recreational, and agricultural enterprises to locate in or remain in the municipality...

In addition to meeting these strict requirements, any nonprofit organization that seeks a contribution from your municipality must give the city clerk a copy of its annual report, including its audit, a description of its program that serves the residents of the community and the proposed use of the municipal funds.

Municipalities may also make appropriations to nonprofit organizations other than charitable organizations, but only after publishing in a newspaper of general circulation the municipality's intent to make the contribution and specifying the intended amount and the purpose for which the money will be spent.

Links:

[1] <http://www.mtas.tennessee.edu/reference/ag-opinion-appropriation-municipal-funds-nonprofit-charitable-organizations-providing-year>

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

Source URL (retrieved on 06/04/2020 - 2:35pm): <http://www.mtas.tennessee.edu/reference/charitable-contributions>



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE