

# IS YOUR SOCIETY READY TO HELP US IN A TAX FIGHT?

NFCA Fraternal and  
Communication Sections Meeting

April 18, 2009

# Is Your Society Ready to Help Us in a Tax Fight?

## Agenda

- Discuss the current political landscape: budget cuts, tax code examinations, and scrutiny of nonprofit sector are occurring at the federal and state levels.
- Examine the Hawaii tax battle and apply the lessons we learned.
- Identify how *you* can help win a tax fight.
- Roundtable Session: Ask ourselves the hard questions and prepare to respond to the next legislative challenge.

# The Fraternal System Faces Significant Political Challenges

- **Taxes:** State governments and Congress need money.
- **Solvency:** The fraternal system faced challenges before the financial crisis.
- **Change:** We face regulatory reform and a new landscape for financial services.
- **Legislative Challenges:**
  - **General Challenge:** Hawaii - fraternal were included in more general legislation due to our placement in the tax code and misunderstanding of the fraternal system.
  - **Targeted Challenge:** Fraternal were specifically identified by the Joint Committee on Taxation in 2005.

# Hawaii HB1749:

## Anatomy of a Tax Battle



# HB 1749 Timeline

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- Jan. 28 ..... HB 1742 is introduced & passes first reading.
- Jan. 30 ..... NFCA begins bill analysis and determines that 1749 would apply premium tax to fraternalists.
- Feb. 3 ..... Societies asked to submit HI community service data.
- Feb. 4 ..... KofC identifies relationship between lodge member and HI Senate member.
- June 16th
- Feb. 9 ..... 4 society stakeholders participated in first HI political strategy conference call. Thrivent makes contact with ACLI counsel & establishes relationship with HI lobbyist Oren Chikamoto.
- Feb. 11
- Feb. 12
- Feb. 15 ..... NFCA hires Oren Chikamoto to represent NFCA fraternal interests to HI legislature.
- Feb. 17
- Feb. 26 ..... Additional bills affecting fraternalists, including HB 1742, are identified.  
Society CEOs submit written testimony opposing HB1749.  
Fraternal stakeholders and community partners submit letters of support to Oren.  
Thrivent mobilizes community partners to testify on behalf of fraternalism.  
Oren attends hearings and submits fraternal testimony. HI House Finance Committee passes 1749 with amendments. Reference to fraternalists is removed from the bill.
- Mar. 10 ..... **1749 passes House with fraternal language removed.**
- Mar. 12 ..... Crossover – Senate receives bill. NFCA continues to monitor for any adverse fraternal language.

# How Do You Win a Fight?

- Proactive work – Playing Offense
  - Building relationships and understanding of fraternal
  - Grassroots: Inviting public officials to events, attending political events and town hall meetings
  - Grasstops: GATE
  - Supporting candidates/incumbents when appropriate.
  - State Fraternal Congresses – voice of fraternal in state legislatures.
- **Develop relationships before you need them.**

# How Do You Win a Fight?

## Lessons Learned in Hawaii

- Reactive – Playing Defense
  - Few fraternal relationships in Hawaii – we were not prepared.
  - Need for community outreach data: data on events, accomplishments, activities, causes supported is crucial when working with policymakers.
  - Need for rapid response to data requests.

# How Do You Win a Fight?

- Know Your People: Identifying supporters like lodge leaders, field staff, nonprofit allies, church leaders
  - Role of fraternal advocates: testify, write letters, make calls, send emails
  - Response time is critical.
  - Ability to escalate to all fraternalists in a region – need for strong state congresses.

# Is Your Society Ready?

- What will you be asked to do to counter adverse legislation?
- How quickly can you respond?
- Use the handout to gauge your ability to provide critical information in a timely fashion.

# Roundtable Discussion

Scenario: Illinois has just introduced legislation to place a premium tax on fraternal benefit societies. Are you ready to respond?

- How readily accessible is the information requested in the handout?
- Would your society be able to respond today?

# Moving Forward

- Use the handout to assess the strengths/weaknesses in your society's ability to respond in a legislative crisis.
- Develop a society strategy and identify "first responders" to respond to legislative issues.
- Work with the NFCA to monitor issues in your state.
- Play offense, not defense: build relationships in your state and educate legislators about fraternalism.