

RESOLUTION 19R-21

To request the RI Board to consider informing Rotarians about the progress of RI's tax status change

Proposer(s): District 2660, Japan

Endorsed by: District 2660 through a ballot-by-mail, 7 June 2019

1 WHEREAS, the 2019 Council on Legislation adopted the RI Board's Position
2 Statement 19-117, authorizing the Board to take appropriate action to convert RI
3 into a tax-exempt organization under section 501(c)(3) of the United States
4 Internal Revenue Code, and

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6 WHEREAS, the Board had cited, among the proposal's other benefits, an annual
7 cost savings of six to seven hundred thousand dollars, and the position statement
8 was adopted with the understanding that such a change might divide Rotarians in
9 the United States who are dubious about the benefits of such a tax status change

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11 IT IS RESOLVED by Rotary International that the Board of Directors of Rotary
12 International consider informing Rotarians about the progress of RI's tax status
13 change; presenting their projection on any changes to the five-year financial
14 forecast as reported to the Council on Legislation, as well as their spending plan
15 for the resulting surplus, once it is realized; and submitting the plan to the
16 Council on Resolutions.

(End of Text)

PURPOSE AND EFFECT

17 Authorizing the tax status change of RI to a section 501(c)(3) of the United States
18 Internal Revenue Code was an important decision that will not only bring
19 financial benefits to RI, but will also promote activities based on the RI Strategic
20 Plan.

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22 The debate as to whether Rotary is a voluntary organization whose purpose is
23 fellowship or a charitable organization that makes positive changes through
24 volunteer activities, ended with the latter winning out. Given that, the surplus
25 resulting from the tax status change must be spent in ways that are acceptable to
26 Rotarians around the world.

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28 For that reason, it is desirable for the RI Board to not only publicize the progress
29 of the change in tax status, but also carefully consider how to spend the resulting
30 surplus in meaningful ways and, finally, to submit the Board's decisions to the
31 Council on Resolutions.

FINANCIAL IMPACT

- 1 If implemented, this resolution would have no substantial financial impact on RI.