



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley Works to Help Tax Code Encourage Charitable Giving

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today said he is working toward making the tax code more hospitable to charitable giving because of tremendous need among charities and high demand from would-be donors.

“Charities have a lot of needs, and Americans have a lot to give,” Grassley said. “It makes perfect sense to make sure the tax code eases the flow of generosity from taxpayers to worthy causes. We can’t have enough foot soldiers in the army of compassion.”

Grassley’s comments came after a hearing examining proposals from President Bush and others to encourage charitable giving. The President’s \$1.6 trillion tax relief proposal contains \$55 billion over 10 years in tax code changes to encourage charitable giving.

Grassley said the President’s effort is likely to net strong support from would-be donors. Taxpayers now face an uneven playing field when it comes to charitable giving, Grassley said. The majority of Americans – 70 percent – don’t itemize their deductions on their tax returns. Those non-itemizers can’t deduct charitable contributions. The centerpiece of the President’s tax proposals to encourage charitable giving allows non-itemizers to deduct their charitable contributions.

Grassley said he looks forward to working with the President and his Committee on Finance colleagues to craft a tax bill that effectively encourages charitable giving and targets those most in need. The ways to encourage charitable giving and their targets are numerous, Grassley said. Just two examples from today’s hearing witnesses included:

Testimony from Mary Sue Coleman, president of the University of Iowa, who expressed support for the President’s plan to allow tax-free charitable gifts from individual retirement accounts. She said many prospective donors to the university are interested in donating their retirement accounts. Those likely to donate retirement accounts include not only high-income taxpayers, but also teachers, nurses and librarians, she said.

An expression of support from America’s Second Harvest, a national network of food banks, for legislation that would provide a tax incentive for family farmers and businesses to donate food for humanitarian aid. The network said the need for food donations is so great that local hunger relief charities have turned away “low-income people at the moment of their greatest need.”

Grassley said encouraging charitable giving is particularly important when the economy is slowing, and more families need help. Giving middle-income families a tax cut also will encourage charitable giving, he said. “When the federal government allows middle-income families to keep more of their hard-earned wages, I think a lot of that money will end up in the collection plate or the Salvation Army kettle,” Grassley said. “We have to remember that overall tax relief is a critical part of encouraging charitable giving.”

