



# Committee On Finance

Max Baucus, Ranking Member

---

**NEWS RELEASE**

<http://finance.senate.gov>

For Immediate Release  
Tuesday, April 5, 2005

Contact: Jonathan Selib/Wendy Carey  
202-224-4515

**Statement of U.S. Senator Max Baucus**  
**U.S. Senate Finance Committee Hearing: "Charities and Charitable Giving: Proposals for Reform"**

(WASHINGTON, D.C.) Today, U.S. Senator Max Baucus, Ranking Member of the Senate Finance Committee, issued the following statement for the Senate Finance Committee Hearing entitled, "Charities and Charitable Giving: Proposals for Reform."

"Winston Churchill once said, 'We make a living by what we get. We make a life by what we give.' We are here today to discuss how Congress can encourage more giving, while preventing abuse by bad actors. We are lucky to live in a country where people give of both their riches and their energy to make a better world.

In my home state of Montana, small charities with few resources provide many essential services. The Flathead Food Bank in Kalispell prepared over 11,000 boxes of food and served almost 8,000 people just last year. This group makes sure that the sick, elderly, and poor in Northwest Montana have someone to depend on.

At the Montana Job Training Partnership, over three-quarters of folks who walk through their door are able to find good stable jobs. This group helps Montanans build a better future for themselves and their families. And if you hike among the pristine wilderness of the Elkhorn Mountains, you can thank the three-person team at the Prickly Pear Land Trust for protecting over 1,500 acres of wildlife, trails, open space, streams, and productive agricultural land in central Montana.

These charities, while limited in the funds they employ, provide a powerful benefit to Montana. They add to my state's quality of life, making Montana a compassionate and environmentally attractive place.

When I consider the reforms that we are here to discuss today, I am going to keep groups like the Flathead Food Bank, the Montana Job Training Partnership, and the Prickly Pear Land Trust in mind. I recognize that any reform effort needs to be a balance between cracking down on the bad guys, and not unduly burdening the good guys.

That said, I am serious about working together with Senator Grassley to root out abuse where it exists. Today we'll hear from IRS Commissioner Everson and others about charities that are used to foster personal wealth rather than good deeds.

In January, I sent a letter with Senator Grassley to the IRS asking them to look at the most significant compliance issues that they could identify within the tax-exempt sector. I

appreciate the IRS's prompt and thorough response. IRS cited some troubling practices by individuals that use charities to engage in tax shelters. We must forcefully address incidents of deliberate cheating among tax-exempt organizations. Failure to do so undermines the public's confidence in the charitable sector and the tax system in general.

We will also hear from the Independent Sector – the charitable community's nationwide representatives -- and their distinguished representative, Leon Panetta. Welcome back Leon. I am glad to hear that Independent Sector brought you on board to help with their Panel on the Nonprofit Sector. The Panel has done a good job recognizing the need for reforms in the charitable sector to promote transparency, best practices, and good governance.

When Senator Grassley and I sent a letter to Independent Sector last September, we asked them to provide guidance to us in a timely fashion. They have done so. Their response provides an excellent starting point to start the discussion on reforms. I look forward to your testimony.

George Yin, from the Joint Committee on Taxation will also testify today about proposals the Joint Committee on Taxation has developed to addresses abuses in the non profit sector. I commend the hard work of the staff at the Joint Committee in this area, even if I cannot endorse every proposal they have put forward.

In particular, I am concerned that their proposal on land conservation may have gone too far. While I want to make sure that scams in the land preservation field are addressed, I also want to ensure that farmers and ranchers in Montana can continue to get a fair deduction for donating easements that protect valuable open space. The Joint Committee proposal would eliminate the deduction for charitable contributions of conservation easements that include a principal residence. This would prevent many working farmers and ranchers from claiming a deduction for donations of easements.

One of Montana's greatest resources is its open space. I want to make sure that generations of future Montanan's can appreciate the clean streams, rolling fields, and rugged mountains as I did growing up. I intend to work to ensure that farmers and ranchers continue to play a key role in preserving Montana's open space.

I am eager to hear from the other witnesses scheduled to testify today. Brian Gallagher has done a terrific job turning the United Way around, and Diana Aviv is a tireless and effective advocate for charities at the Independent Sector. I am glad that they are here today to share their thoughts about reform. I am also pleased to welcome Attorney General Hatch. States play an important role in regulating charities, and I am eager to hear about the successful steps he has taken in Minnesota to ensure a vibrant charitable sector.

Finally, I am glad to welcome the rest of our witnesses -- David Kuo, Jane Gravelle, and Richard Johnson. Thank you for appearing here today, and contributing to this important conversation.”

###