



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Fractional art donation reform timeline
Da: Monday, Dec. 11, 2006

An article in Sunday's New York Times explores a tax reform enacted in this summer's pension bill to crack down on tax avoidance abuses concerning so-called "partial" or "fractional" charitable gifts. In the article, Sen. Charles Schumer (D-NY) is quoted as saying that the provision "passed in the dark of the night" without appropriate input from individual senators. This characterization is incorrect. Sen. Chuck Grassley, chairman of the Committee on Finance and author of the proposal, made full details of it available to his fellow senators (both Democrat and Republican), their staffs, and the public through hearings, mark-ups, meetings, briefings, and the distribution and web posting of descriptive documents. The process was bipartisan and open, and the pension bill containing the fractional art donation reform came to the Senate floor with the agreement of Republican and Democratic leadership. The bill passed with overwhelming bipartisan support. A timeline describing the highlights of advancing and publicizing the fractional art provision follows.

July 6, 2005: The Wall Street Journal publishes "Fractional Giving' Hits The Art World, as Donors Share Works With Museums," which prompts Chairman Grassley to look into fractional giving.

Nov. 14, 2005: Chairman Grassley includes his reform provision in a modification to the *Tax Relief Act of 2005*. The committee posts a description by the non-partisan congressional Joint Committee on Taxation at finance.senate.gov :
<http://finance.senate.gov/sitepages/leg/111405modmk.pdf>

Nov. 15, 2005: The Finance Committee passes the *Tax Relief Act of 2005*, including the fractional art donation reform. A summary and the legislative text are posted at finance.senate.gov:
<http://finance.senate.gov/sitepages/leg/111605leg1.pdf>

May 9, 2006: House conferees object to the inclusion of most charitable items in the tax bill, now called the *Tax Increase Prevention and Reconciliation Act of 2005*. Conferees agree on a final package, and the House files conference report H. Rept. 109-455.

May 17, 2006: After House and Senate approval of the conference report, the President signs the tax bill into law (Public Law No: 109-222).

July 28, 2006: After House and Senate negotiators – namely Chairman Grassley, Finance Committee Lead Democrat Sen. Max Baucus, and House Ways and Means Committee Chairman Bill Thomas

– agree to include charitable items in the *Pension Protection Act of 2006*, the House passes the conference report of the bill including the fractional art donation reform (vote: 279-131, 1 Present, Roll no. 422).

Aug. 3, 2006: The Senate on an overwhelmingly bipartisan vote passes the *Pension Protection Act of 2006*, including the fractional art donation reform (passed Senate without amendment by Yea-Nay Vote. 93-5. Record Vote Number: 230).

Aug. 4, 2006: Chairman Grassley issues a press release highlighting the charitable provisions in the pension bill (<http://finance.senate.gov/press/Gpress/2005/prg080406b.pdf>).

Aug. 17, 2006: The President signs the *Pension Protection Act of 2006* into law (Public Law No: 109-280).