



Our vision is a world where everyone has a simple, decent place to live.

As the Senate Finance Committee prepares for tax reform with research, outreach and working group activity, members of Congress have looked at several other provisions affecting charitable organizations in the tax code, such as: Donor Advised Funds, Private Foundation Excise Tax, IRA Charitable Rollover and Charitable Tax Extenders and Charitable Deductions. Before you consider changes to the tax code, please seek input from philanthropic organizations and charitable institutions to understand the consequences – both positive and negative – that any changes would have on your community.

DONOR ADVISED FUNDS:

Donor advised funds are one of many tools that community foundations use to engage donors and connect them with the causes they care about in their communities. Through donor advised funds, community foundations increase charitable giving and build access to long-term philanthropic resources in our communities, allowing assets to be used to address immediate needs or support future development.

DAFS are flexible, allowing community foundations to quickly respond to local needs. DAFs have been used to support everything from emergency response efforts to long-term community economic development efforts.

DAFs ensure funds are available during hard times, much like a community savings account.

Together, DAFs and community foundations are bringing local solutions to the causes and issues that matter most.

Despite the benefits DAFs bring to communities, proposals have been discussed in Congress that would challenge the fundamental and long-standing value of endowed philanthropy.

One misguided proposal would require a DAF to exhaust its funds within five years or pay an annual 20 percent excise tax penalty on remaining money.

Shortsighted policies could significantly diminish use of the fastest growing giving tool, reduce charitable giving among a diverse group of donors, and threaten communities' ability to quickly respond to local needs.

PRIVATE FOUNDATION EXCISE TAX:

We ask that you make the IRA charitable rollover permanent law.

Since its enactment in the Pension Protection Act of 2006, the IRA rollover provision has proven to be very popular with taxpayers and beneficial to charities.

The temporary renewals of these incentives make planning difficult for donors and create uncertainty that harms the country's charitable sector.



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For each day that goes by without an incentive in place, many of the gifts the incentives were intended to promote will simply not take place.

Permanence will offer the certainty that both donors and nonprofits need to plan for charitable gifts in advance.

We would also like to see the IRA Rollover expanded to allow individuals to channel their mandatory distributions to other types of philanthropic vehicles. Permanence of the current provision is on the table now, and we fully support it. During the tax reform debates, for example, we ask you to support additional expansion.

Finally, we ask that you also make the enhanced deductions for conservation easement and food inventory donations permanent as well, to ensure that these valuable giving tools are available to donors and organizations for years to come.

CHARITABLE DEDUCTIONS:

Before you make changes to the charitable deduction, we ask you to consider the power and positive incentive of the charitable deduction in our communities.

The bottom line is this: We want to assure that important charitable work in every corner of our country continues and that your constituents will continue to be assisted by this work. The charitable deduction is critically important to assure that these organizations continue to thrive.

The charitable deduction is a unique tax benefit. It encourages individuals to give away a portion of their income without getting anything back. This makes it different from other tax benefits, which encourage individuals to spend or save for themselves.

In other words, it is the ONLY deduction that exists for public benefit rather than the individual taxpayer.

Changes to charitable giving incentives would cause donations to decline by billions of dollars each year, stifling philanthropy's effect during a time when communities are still struggling to overcome the recession

Thank you for your consideration.
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