

November 13, 2014

Dear Senator:

We, Illinois' private foundations, are counting on Congress to simplify the excise tax in order to better provide meaningful resources for our communities across the state and help to enhance the impact that we have.

Foundations have contributed \$2.8 billion towards the health and well-being of Illinois residents. **Setting a 1 percent excise tax rate on private foundations' investment income** would lower foundations' administrative costs and could promote increased charitable giving and community investment for the 4,800+ foundations serving Illinois at times when it is most needed.

Contrary to its original intent, the current two-tier system for calculating the excise tax serves as a disincentive to increased giving, especially in difficult times when foundations increase funding to address a crisis or seek to maintain support for non-profits while the value of their investment assets is declining. These laudable practices which help ensure that the needs of Illinois residents are met during times of greatest need are now penalized by a higher excise tax in the years after these steps are taken. Several of our members have reported that this unintended consequence of the two tier system has required them to allocate tens of thousands of dollars to the excise tax rather than to support for the most vulnerable of your constituents when they need it most. In addition, foundations spend considerable time and money every year running complex calculations of the ever changing excise tax implications of their annual grant making, thus allocating valuable resources to accountants and lawyers rather than to Illinois communities and grantees.

We urge the passage of a simplified excise tax to eliminate these unfortunate and unintended consequences of the current system before the lame duck session ends in December. This simple step will help promote an even stronger and more nimble philanthropic sector that is better prepared to positively impact the lives of thousands of Illinois residents. Thank you for your help in this important matter.

Sincerely,

The Brinson Foundation  
Comer Family Foundation  
Dunham Fund  
IDP Foundation, Inc.  
The Lawlor Foundation

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