



March 20, 2015

The Honorable Orrin Hatch
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Chairman Hatch and Ranking Member Wyden:

As organizations whose networks collectively represent tens of thousands of charities and foundations, we strongly urge you to move forward quickly on H.R. 644, the America Gives More Act.

Last month, the House of Representatives passed H.R. 644 by a vote of 279-137. This legislation includes provisions that will help charitable and philanthropic organizations serving communities in every state. H.R. 644 would permanently enact three temporary and currently expired giving incentives -- the enhanced deduction for property donated for conservation purposes, the enhanced deduction for food donations, and the provision encouraging seniors to make contributions to charities through their IRAs. The bill also includes language to encourage private foundations to give more in times of crisis through simplifying the excise tax on their investment income.

After multiple attempts last year to make these giving incentives permanent, in December, Congress resorted to a short-term extension as part of a broader package of lapsed tax provisions. As a result, the IRA charitable rollover and enhanced deductions for the donation of food inventory and land conservation easements were reinstated for just two weeks, before expiring again for the fifth time in recent years on January 1, 2015.

For each day that goes by without an incentive in place and assured, many of the donations the incentives were intended to promote will simply not take place. The repeated expiration and retroactive renewal of these charitable giving incentives create tremendous uncertainty for individuals, families, and businesses who want to provide donations to help their communities, and for the charitable organizations working to meet the needs of the communities in which they are working.

For private foundations, the current excise tax is extremely complicated and requires extensive time and resources to calculate due to its complex, two-tier structure and the inherent uncertainties in precisely calculating net investment income by year's end. Consequently, the rate structure actually serves as a disincentive for increasing grantmaking in a calendar year, which is particularly devastating when late-year emergencies or disasters occur.

The charitable tax provisions in H.R. 644 have encouraged individuals and businesses to actively support the development and sustainability of our society. They have spurred contributions, for example, to feed the hungry, build health centers, develop counseling programs for at-risk youth, conserve land, and offer art therapy for people with developmental disabilities.

As an example, the IRA charitable rollover incentive led to the Jewish Federations receiving in excess of \$40 million since enactment, accelerating capital campaigns used to finance new construction projects, as well as maintain vital social programs, among other worthwhile projects. The enhanced deduction for land conservation increased conservation totals by 30 percent, up to one million acres per year. The incentive for donating food has translated to a 137 percent increase in the amount of food donated by restaurants to food banks. And, simplifying the excise tax will encourage a higher grant payout this year to assist farmers impacted by the drought in California.

Moving forward on H.R. 644 is one critical step that Congress can take to help public charities and the philanthropic sector to provide services to people in need. A 2014 survey of nearly 8,000 charitable organizations by the Nonprofit Finance Fund found 59 percent either had a deficit or broke even the previous year, while 55 percent only had enough cash on hand to cover three months or less of expenses. The time to reinstate and make permanent these provisions is now, as America's charities and foundations continue to shoulder increased responsibility in the face of declining government spending on a range of programs and services.

Strong bipartisan support from the Senate Finance Committee will underscore our nation's long-standing commitment to strengthening charities to do the important work of lifting up lives and improving communities. Again, the nonprofit community respectfully requests that the Senate Finance Committee hold a markup soon on legislation to reinstate and make these charitable provisions permanent and simplify the foundation excise tax.

We are counting on your support.

Sincerely,



Diana Aviv
President and CEO
Independent Sector



Rand Wentworth
President
Land Trust Alliance



Vikki Spruill
President and CEO
Council on Foundations



Tim Delaney
President and CEO
National Council of Nonprofits



Bob Aiken
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William C. Daroff
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Kevin Washington
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Cc: Members of the Senate Finance Committee