

## Talking Points for Interactions with Members and Staff

### Philanthropy in [DISTRICT OR STATE]

We'd like to discuss the vital role of philanthropy in [DISTRICT OR STATE] and our involvement in the lives of our constituents.

We're here to share with you the story of how [FOUNDATION NAME] and organizations like us are benefiting [DISTRICT OR STATE] every day to create jobs, support the vulnerable, spur innovation, and create opportunities for more people to improve their lives.

In a time when federal and state resources are still constrained, it is more important than ever that our tax laws allow foundations to continue to serve their communities. The National Association of State Budget Officers' (NASBO) Spring 2014 *Fiscal Survey of the States*<sup>1</sup> found that spending in states for the next fiscal year will remain lower than average. Foundations like [FOUNDATION NAME] play a key role in making sure those in need don't suffer because of a slowly recovering economy or government spending cuts.

[EXAMPLE OF ONE OR TWO PROGRAMS YOU SUPPORT THAT HAVE AN IMPACT IN THE LAWMAKER'S DISTRICT. EXPLAIN HOW THE PROGRAM BENEFITS A PARTICULAR COMMUNITY OR POPULATION. IF POSSIBLE, EMPHASIZE HOW THAT COMMUNITY OR POPULATION WOULD NOT BE SERVED AT ALL WITHOUT YOUR SUPPORT].

### Tax Reform Should Facilitate—Not Impede—Philanthropy's Ability to Serve

Foundations like [FOUNDATION NAME] are created under the tax code.

As Congress contemplates tax reform, it's important to recognize tax provisions matter greatly to philanthropy. Changes to the code can enhance and expand the work we do. Or, they can constrain or diminish our ability to do our work, and consequently, have harmful effects on communities like [COMMUNITY WHERE YOU ARE LOCATED].

As Congress considers changes to tax provisions, we ask that you not only look at the provisions themselves, but also take into account their effect on foundations in your [DISTRICT OR STATE].

#### The Charitable Deduction

##### Preserve the Full Value of the Charitable Deduction

- The 2 percent charitable deduction floor in the *Tax Reform Act of 2014*—combined with a drastic reduction in those who itemize their deductions—could 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.

<sup>1</sup> <http://www.nasbo.org/sites/default/files/NASBO%20Spring%202014%20Fiscal%20Survey.pdf>.

- A new report (July 2014) from The Tax Policy Center at Urban Institute and Brookings Institution found that “for all income groups, the cost of giving to charity would increase under the Act plan, with the largest increases in the top quintile.”<sup>2</sup> This would lead to a decline in charitable giving.

### Community Foundations

#### **Preserve the Flexibility of Donor Advised Funds**

- Donor advised funds allow individual donors and community foundations to respond to acute community needs *when those needs arise*. They allow long-term philanthropic resources to be available during unanticipated difficult times like the Great Recession—when many community foundations sustained, and even increased their grantmaking at a time when individual giving plummeted.
- We strongly support current law which permits community foundations to hold and manage donor advised funds that can benefit the community for years to come. **[INSERT EXAMPLE OF A DAF INTENDED TO BENEFIT FUTURE GRANTEES]**.
- Also, the majority of community foundations already self-regulate through the National Standards for U.S. Community Foundations™, which provides a robust mechanism for ensuring that these organizations follow regulatory requirements and best practices in the field.

#### **Extend the IRA Charitable Rollover**

- We urge Congress to support Representative Aaron Schock’s provision that would make the rollover permanent. **This provision passed the House on July 17<sup>th</sup> as part of H.R. 4719. FOR SENATORS:** You have a unique opportunity to enhance charitable giving in **[NAME OF STATE]** by enacting measures that encourage giving by both individuals and private foundations. H.R. 4719 makes permanent three very important tax extenders—including the IRA charitable rollover—that have proven, year over year, to expand charitable giving. **Please ask Majority Leader Harry Reid and Minority Leader Mitch McConnell to bring H.R. 4719 to the Senate floor for a vote as soon as possible.**
- 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.
- In the first two years the IRA charitable rollover was available, Americans donated more than \$140 million from IRAs to public charities.
- Yet, the provision expired at the end of 2013. Congress must restore it so taxpayers can contribute their rollover dollars to charitable organizations in the 2014 tax year and beyond. **[INSERT AN EXAMPLE OF HOW ROLLOVER DONATIONS HAVE BENEFITTED YOUR COMMUNITY]**.

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<sup>2</sup> <http://www.taxpolicycenter.org/UploadedPDF/413176-Camp-Plan-Description-and-Analysis.pdf>.

## Private Foundations

### **Simplify the Private Foundation Excise Tax**

- We urge Congress to support Representative Erik Paulsen's provision that would simplify the excise tax to a flat rate of 1%. **The provision passed the House on July 17<sup>th</sup> as part of H.R. 4719.**
- The current excise tax requires time and resources to calculate and "manage" because of its complex, two-tier structure.
- Consequently, the rate structure actually serves as a disincentive for increasing significantly grantmaking in a calendar year - which is particularly devastating when late-year emergencies or disasters occur. **[INSERT AN EXAMPLE OF A CHALLENGE YOU FACE WITH THE CURRENT EXCISE TAX. FOR EXAMPLE, HAVE YOU INCREASED GIVING BECAUSE OF AN EXTRAORDINARY EVENT, SUCH AS HURRICANE KATRINA OR THE HURRICANE IN JOPLIN, MO, CAUSING A HIGHER PAYOUR RATE, AND BEEN PENALIZED WITH A HIGHER EXCISE TAX? ]**
- A single rate for all private foundations would greatly simplify compliance, improve efficiencies, and remove disincentives.

## Closing "Asks"

- If meeting with a Senator: **I strongly urge you to ask Senate leadership to bring the *America Gives More Act* (H.R. 4719) ask soon as possible, and to vote in favor of this important legislation.** **[If reaching out to Majority Leader Harry Reid or Minority Leader Mitch McConnell, replace bolded sentence with: **I strongly urge you to bring the *America Gives More Act* (H.R. 4719) to a floor vote as soon as possible.**]**
- A variation of this message for a private foundation could be: **Please support the simplification of the private foundation excise tax, it is very important to our organization. The provision is currently addressed in H.R. 4719, which we would like Senate leadership to bring to the floor for a vote immediately.**
- **Would you join the Philanthropy Caucus?** The Caucus is intended to educate members of Congress about the vital role of American philanthropy.
- **Please consider our foundation, our regional association, and the Council on Foundations as your resource for information on philanthropic organizations, as sounding boards for proposals that could impact us, and as a partner back home.**
- **We invite you to visit us in [NAME OF COMMUNITY] to learn more about the important programs we support.**