November 6, 2019

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin McCarthy  
House Republican Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Richard E. Neal  
Chair  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin Brady  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Speaker Pelosi, Leader McCarthy, Chairman Neal and Ranking Member Brady,

As you know, the philanthropic community has partnered with members of the Ways and Means Committee for many years to simplify the private foundation excise tax. Under the current two-tiered rate, foundations can be penalized with higher taxes when they give more during times of extraordinary need, such as after natural disasters. This disincentive reduces giving often when local communities’ needs are greatest.

A simplification of the private foundation excise tax has passed the House twice as part of the America Gives More Act, and we’re grateful the committee still sees it as a priority. Reps. Danny Davis (D-IL) and George Holding (R-NC) also introduced H.R. 4953, the Private Foundation Excise Tax Simplification Act, which would simplify the current two-tier private foundation excise tax to a revenue-neutral rate of 1.39 percent.

We have worked on this issue for many years and strongly believe the two-tiered system is a hindrance to increased grantmaking. Since simplification of the tax is our premier objective as we approach any potential year-end tax changes, we have come together to support the revenue-neutral 1.39 percent rate and will remain in lock-step as a field as this legislation moves forward this year.

As you decide on which tax provisions to include in disaster relief or any other legislative vehicle, we are united in asking you to include the simplified 1.39 percent rate. Thank you so much for your consideration of this request.

Alliance for Charitable Reform  
Council on Foundations  
Council of Michigan Foundations  
Forefront  
Independent Sector  
Philanthropy California, an alliance of Northern California, San Diego, and Southern California Grantmakers  
Southeastern Council of Foundations  
United Philanthropy Forum