



[Date]

Dear [Member of Congress]:

We write to you to express our general support of The Charities Helping Americans Regularly Throughout the Year (CHARITY) Act (S. 1475), bipartisan legislation that would make it easier for donors to give to charity and for charitable organizations to conduct their work.

Philanthropy Northwest is a network of 170 grantmaking organizations in Alaska, Idaho, Montana, Oregon, Washington and Wyoming. For more than 40 years, Philanthropy Northwest has promoted cross-sector collaboration between the philanthropic sector and government, supported the role of foundations as stewards of resources for the public good and the health and vitality of communities, and promoted civic engagement to enable the nonprofit and philanthropic community to fulfill its role in strengthening communities and sustaining a thriving democracy. The CHARITY Act aligns with Philanthropy Northwest's goal to grow and sustain philanthropy and charitable giving across the six-state Northwest region.

Our common priorities to the main provisions of the bill include:

1. **Increasing the Mileage Rate:** *We support an increase to the standard-mileage rate of charitable services, which has not been changed since 1997. Despite increased transportation costs, currently any volunteer must pay income taxes on any amount in excess. Eliminating the difference between the charitable mileage rate and the standard business rate will allow volunteers to defray one of the largest costs associated with volunteering.*
2. **Electronic filing of Form 990s:** *We oppose the mandatory e-filing of Form 990 unless there is an exception for small non-profit organizations. We anticipate a barrier for smaller, especially rural, nonprofit organizations that may have limited broadband access and digital expertise to electronic filing of Form 990.*
3. **IRA charitable rollover:** *We support enhancing the IRA charitable rollover by dropping the age threshold and expanding the organizations eligible for transfer of the IRA distribution to donor advised funds. The IRA Charitable Rollover was included in the Pension Protection Act of 2006 (PPA). Prior to 2006, taxpayers who wanted to transfer Individual Retirement Account (IRA)*



assets to charity had to recognize the amount as income before making the transfer, and then then claim a charitable deduction for the amount gifted. This often resulted in tax liability, even though the donor ultimately transferred the entire IRA distribution to charity. The PPA partially solved this problem by allowing taxpayers age 70 ½ or older to transfer up to \$100,000 annually from their IRA accounts directly to charity without first having to recognize the distribution as income. The IRA charitable rollover has proven to be very popular with taxpayers and extremely beneficial to charities. However, current law restricts donors from making charitable rollovers to donor-advised funds, negatively impacting charitable giving.

- 4. Simplification of the Excise Tax:** *We support the simplification of the excise tax on net investment income to a revenue-neutral flat rate of 1 percent.* Foundations are required to pay an annual excise tax of 2 percent of their net investment income unless they show that their payout rate for the year exceeded the average percentage for the past five years to reach a sum greater than half of the tax owed, in which case, the tax rate lowers to 1 percent. Under this structure, a foundation is penalized for making a substantial increase in charitable spending. A uniform excise tax rate would increase funds available for local communities by freeing private foundations from the administrative task of calculating the amount of additional eligible expenditure needed to qualify for the lower 1 percent rate.

We ask for your support of the CHARITY Act, with modifications to the Form 990 e-filing requirement, and look forward to working with you and your staff toward strengthening communities served through charitable resources. If you have any questions, please do not hesitate to contact Meredith Higashi, director of public policy and advocacy, at mhigashi@philanthropyNW.org.

Sincerely,



Kiran Ahuja, CEO
Philanthropy Northwest

