

## Thursday, July 1, 2010

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We're a day early in honor of the Independence Day Weekend.

As usual the latest edition of the ACR newsletter is available below or online.

### Washington Roundup

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Congress leaves later this week for the Fourth of July recess, likely accomplishing only one of two major goals before the recess. They return to session the week of July 12th and have only four weeks left to work on any remaining issues before the month-long August recess.

#### Tax Extenders

Over a period of two months, the Senate has tried a number of times to pass a bill extending numerous tax provisions including the IRA Charitable Rollover provision, as well as unemployment benefits. As of this writing, they are no closer to a final vote to pass the legislation. Despite having been significantly winnowed several times to lower the cost of this bill, both Democrats and Republicans have balked at passing any legislation that is not fully paid for. Even legislation as popular as tax extenders cannot seem to overcome the [no-new-debt mantra](#) of key members of the Senate.

Senate Majority Leader Harry Reid of Arizona has indicated that the Senate is moving away from the legislation for the moment. With no clear path on how to move forward, timing on the passage of this legislation is now uncertain. We will continue to update you as the Senate contemplates possible next-steps to advance this legislation.

More discussion can be found in this week's Consider This...

#### Wall Street Reform Bill – ACR Win

As we previously [reported](#), the House and Senate have been working to reconcile the differences between their versions (H.R. 4173/S. 3217) of the financial regulatory reform legislation – the Wall Street Reform bill. Earlier this week, they completed their work which included important provisions that ACR and others worked hard to include (see letter from ACR and Nonprofit Coalition [here](#)). These provisions remove most nonprofits that offer charitable giving advice and group financial education from regulation, fees and oversight.

This is a big win for the nonprofit community. Our advocacy efforts coupled with your examples about this bill's impact on your day-to-day operations resonated with Members of Congress.

A final financial services reform conference report must now be approved by both the House and Senate. We expect the House and Senate to pass the final bill shortly. The bill will then be sent to the President for his signature.

### **New Nonprofit Legislation – Introduced in Congress**

Congresswoman Betty McCollum (D-MN) introduced the [Nonprofit Sector and Community Solutions Act, HR 5533](#), so that non-profits would not be overlooked in policy debates in the future. This stems from an 11<sup>th</sup>-hour plea by some nonprofit organizations which fought to ensure that the nonprofit sector was not excluded from the health care bill.

Supported by a number of nonprofit organizations including the National Council of Nonprofits, Independent Sector and the American Association of Museums, the legislation would:

- Create a U.S. Council on Nonprofit Organizations and Community Solutions, a 16-member body that would offer recommendations to the President and Congress on issues affecting the nonprofit sector;
- Create An Interagency Working Group on Nonprofit Organizations and the Federal Government, comprised of members from federal agencies and bodies that deal with nonprofits on a regular basis and offer suggestions on grants and contracts, federal money that goes to charities through state and local governments and suggestions for charities to strengthen their organizations;
- Require this new Interagency Working Group to recommend ways to get better and faster data about the types of clients that charities serve, the financial health of nonprofit organizations, philanthropic contributions, and volunteer hours; and,
- Require the U.S. Commerce Department to collect and summarize all of the available federal data on nonprofits groups.

ACR staff continues to meet with Congresswoman McCollum's office to gain a better understanding of the scope of this legislation. As for timing, given the number of important issues Congress must consider before the end of the year, it is unlikely that this legislation will be considered before the end of the year. However, we expect the Congresswoman to re-introduce the legislation next year in the new session of Congress.

### **In the States**

#### **New York Legislature Could Vote to Limit Charitable Deduction**

As we've previously reported, states across the country are increasingly turning to the charitable sector to bridge budget gaps. Now, the New York State Legislature is now engaged in heated negotiations over the state's long-overdue budget which includes a proposal by Governor David Paterson to limit the tax deduction for charitable contributions.

The proposal, which is purported to raise \$100 million annually, would cut in half the charitable deduction allowed for New Yorkers with incomes of \$10 million and over from 50% to 25%. Last year, the New York legislature approved a measure that eliminated all itemized deductions for high-earning New Yorkers – except for the charitable deduction – which is now squarely in the crosshairs.

Nonprofit organizations throughout New York are worried that the proposal might further exacerbate what has been a difficult fundraising environment. The United Way of New York, the New York State Catholic Conference, the United Jewish Appeal-Federation, and The Philanthropy Roundtable have expressed opposition in [letters](#) to the governor and key legislators and a [memorandum](#).

The York legislature is set to vote on the budget this week. We will keep you posted.

6/29 For Poor New Yorkers, a Little Less of Everything, New York Times  
<http://www.nytimes.com/2010/06/29/nyregion/29nyc.html?ref=nyregion>

6/29 Nonprofit Groups Try to Block New York Charitable-Deduction Limit, Chronicle of Philanthropy  
<http://philanthropy.com/article/Nonprofit-Groups-Try-to-Block/66085/>

6/25 Charitable-Gift Tax Break Eyed, Wall Street Journal  
[http://online.wsj.com/article/SB10001424052748704227304575327433976810058.html?mod=oglenews\\_wsj](http://online.wsj.com/article/SB10001424052748704227304575327433976810058.html?mod=oglenews_wsj)

### Consider This...

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#### Third Time's Not a Charm

Earlier this year, Congress passed a massive health care bill which is now law. In very short order, Congress is expected to approve a massive overhaul of the rules governing the financial services sector – known as the Wall Street Reform bill.

So you might ask why did the Senate spend nearly eight weeks and try multiple times to close off debate on a relatively modest package of tax provisions (about \$12 billion a year over ten years) that aren't new, are pretty popular, and are merely extensions of current law?

The short answer is 60 votes, concerns about deficit spending and controversy over how to pay for these tax provisions. The Democrats are just shy of the 60 votes they need to move legislation and getting to 60 on this latest tax bill has proven elusive. The challenge has been ensuring that the bill was at least mostly paid-for through agreeable measures. With the cupboard all but bare on non-controversial ways to pay for things, when the Democrats fixed one provision to bring one senator on board, another senator fell off as result. After two months of see-sawing back and forth – as of this writing – they never got to the delicate balance that would get them to 60 votes.

Needless to say, House Democrats are not amused. "They have a process that's dysfunctional" said one. They "live in a delusional world – they lost their minds" said another.

What does this mean going forward? If you can't get the small-ish bills like these tax extenders bill done, it is hard to see how Congress accomplishes the big tax bills. How will they deal with the estate tax (which could cost hundreds of billions of dollars a year) and the expiration of the Bush tax cuts (a permanent extension of those cuts would run into the trillions)? And surely a grand

overhaul of the tax system, which has been talked about for years, seems out of reach.

We don't believe there is clear path forward on tax provisions for this year despite there being much unfinished business in the tax world. And while Congress has been able to get some pretty significant things done in other areas, dealing on the tax front has thus far proved to be too heavy a lift so far.

## **Making Headlines**

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Here are recent headlines you may find interesting:

### **Federal**

6/24 House Approves Legislation Mandating Disclosure of Political Spending, New York Times  
As previously report, the House of Representatives last week passed the DISCLOSE Act with an exemption for the largest nonprofit groups such as the NRA. That exemption was broadened slightly to include groups like the Sierra Club.

### **States**

6/28 Give Freely, National Review

<http://www.heymler.com/2010/06/give-freely/>

In this National Review article, John Miller provides a thorough review and context for the efforts that led up to the passage of the Florida legislation protecting philanthropic freedom (S. 998).

### **Commentary**

On-going discussion has emerged in the wake of the recently launched Giving Pledge, a campaign by Bill & Melinda Gates and Warren Buffett challenging the world's wealthiest to donate their assets to charity.

6/23 Gates and Buffett Take the Pledge, Philanthropy Daily

<http://www.philanthropydaily.com/?p=2724>

6/22 The "Opportunity Cost" of Philanthropy, Philanthropy Daily

<http://www.philanthropydaily.com/?p=2729>

6/18 For the Gates-Buffett Challenge to Work, It Takes More Than Money, Chronicle of Philanthropy

<http://philanthropy.com/article/It-s-Not-Enough-for/65997/>

6/17 If Charity Is Their Goal, Gates And Buffett Should Hoard Their Wealth, Forbes

[http://www.forbes.com/2010/06/17/bill-gates-warren-buffett-charity-opinion-columnists-john-tamny\\_2.html](http://www.forbes.com/2010/06/17/bill-gates-warren-buffett-charity-opinion-columnists-john-tamny_2.html)

6/20 The Social Innovation Fund: Innovation for What?, OnPhilanthropy

<http://onphilanthropy.com/2010/commentary-the-social-innovation-fund-innovation-for-what/>

Pablo Eisenberg criticizes the Social Innovation Fund on a number of accounts including being undersized, exclusionary of advocacy efforts, and for serving as public relations tools.

## Reports/Studies

A trend growing among the wealthy is to give their wealth while they are alive rather than waiting until death. They are incorporating giving into their investment strategies, relying on wealth advisors for advice.

6/23 "World's wealthy looking to give while they live" Reuters

<http://www.reuters.com/article/idUSTRE65L68N20100622>

Reuters reports on this trend as captured by a recent Merrill Lynch-Capgemini World Wealth Report. (<http://www.us.capgemini.com/DownloadLibrary/requestfile.asp?ID=746>)

6/8 Turning Passion Into Action: Giving While Living, Atlantic Philanthropies

[http://www.atlanticphilanthropies.org/sites/default/files/uploads/GWL\\_050510\\_1723%20\(2\).pdf](http://www.atlanticphilanthropies.org/sites/default/files/uploads/GWL_050510_1723%20(2).pdf)

This report from Atlantic Philanthropies profiles nearly a dozen philanthropists who are giving generously during their lifetimes, and explores motivations and provides strategies to create such giving plans.

## Other

In the wake of the 2010 Gulf oil spill, philanthropy is being challenged to play a role but there are reasons the philanthropic response so far has been tempered.

6/28 Why are donations sparse for the Gulf? Star Tribune

[http://www.startribune.com/local/97352429.html?elr=KArks:DCiUHc3E7\\_V\\_nDaycUiacyKUzyaP37D\\_MDua\\_eyD5PcOiUr](http://www.startribune.com/local/97352429.html?elr=KArks:DCiUHc3E7_V_nDaycUiacyKUzyaP37D_MDua_eyD5PcOiUr)

6/28 X Prize Foundation Announces \$10 Million Oil Disaster Cleanup Challenge, FastCompany

<http://www.fastcompany.com/1664758/x-prize-foundation-announces-10-million-oil-disaster-cleanup-challenge>

6/23 Add Fundraising to List of Challenges Presented by Gulf Oil Spill, Washington Post

[http://www.washingtonpost.com/wp-dyn/content/article/2010/06/22/AR2010062202454\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2010/06/22/AR2010062202454_pf.html)

6/14 Gulf Oil Spill: Can BP Be Counted On?, USAToday

<http://content.usatoday.com/communities/kindness/post/2010/06/gulf-oil-spill-can-bp-be-counted-on/1>

## REGISTER NOW

### 2010 Philanthropy Roundtable Annual Meeting

*Explore, Dream, Discover: The Power of Philanthropy*

October 14-16 ~ Amelia Island, Florida

**Peter H. Diamandis**, chairman and CEO, X Prize Foundation

**John Fisher**, Doris & Donald Fisher Fund

**Karen Mathis**, president and CEO, Big Brothers Big Sisters of America

**Robert J. Mazzuca**, chief scout executive, Boy Scouts of America

Early registration deadline: **July 30**

**Register now** ([www.philanthropyroundtable.org](http://www.philanthropyroundtable.org))

Alliance for Charitable Reform is a project of The Philanthropy Roundtable.  
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