

## **Charitable Giving Coalition Working Group Enhancing Charitable Giving Legislation**

### **Purpose**

The working group was formed of fellow Charitable Giving Coalition members who were interested in proactively seeking alternative and potentially more robust charitable giving legislation to the current Universal Charitable Giving Acts introduced by Rep. Mark Walker (R-NC) and Sen. James Lankford (R-OK).

The office of Senate Finance Committee member Sen. Debbie Stabenow (D-MI) has made clear its intent to take a leadership role in this effort. Senate Finance Committee Majority staff have also suggested that we reach out to select Republicans on the committee (Burr, Isakson, Scott) who might be cultivated as legislative champions, and those conversations are underway.

### **General Parameters**

Sen. Stabenow's office has charged this working group and the sector with a wide berth to recommend the structure of potential legislative. Staff did provide the following general guidelines:

- Legislation should be distinguishable from existing charitable giving proposals
- Measures should be taken to control for cost
- The structure should have some element of progressivity (emphasis on engaging lower and middle income taxpayers)
- Additive to current law (will not replace policy for current itemizers)
- Should include safeguards to allay potential concerns about abuse
- Garner as much sector-wide support as possible

### **Baseline Discussion**

Initial group discussions have been used to set a baseline to move forward and continue the work with Stabenow's office. The examination has not been exhaustive, rather it has only served as a starting point for further evaluation. The following broad structural issues have been part of the conversation:

#### **Deduction or Credit**

- Preference for one over the other depends on structure and eligibility
- Tax credit would be distinguishable and may help align with other aims including progressivity
- Tax credits may be harder to attract Republican support without substantiation changes
- Deduction for non-itemizers aligns more with the universal giving concept and pairs with current law and the code

#### **Floors or Caps**

- Recognition that donors at varying income and giving levels may be impacted by a floor for eligibility or giving cap in different ways
- Neither are favored, but many in the group are open to a discussion depending on the structure for non-itemizers

#### **Substantiation**

- Most controversial topic, particularly with respect to how non-cash gifts may be treated, if addressed at all
- Concern not to make negative changes to current law for non-cash gifts
- Concern that changes to substantiation requirements for a new structure for non-itemizers would eventually bleed into all of Section 170 of the tax code
- Recognition that substantiation adjustments could allow for cost savings that eliminate the need for a floor or cap structure

**Bipartisan**

- Any legislation must be as bipartisan as possible.

**Progressivity/Equity**

- Recognition as an important principle in this discussion
- Preference for finding a way to incentivize lower to middle income taxpayers
- Concern that too much focus on the lower to middle income may result in code changes that unintentionally disincentivize higher income taxpayers

**Key Takeaways**

- Bipartisan legislation is key for broad sector support
- Deduction is favored, but there is openness to consideration of a credit
- Any structural changes to encourage progressivity must be carefully crafted
- Substantiation changes for cash gifts may be discussed, but the treatment of non-cash gifts is a concern