



May 23, 2014

Open letter to the House Ways and Means Committee:

As Congress moves forward with comprehensive tax reform and considers the reinstatement of provisions in the annual tax extenders package, we ask that you renew and make permanent the IRA charitable rollover and other charitable giving extenders that expired as of January 1, 2014.

Millions of individuals and families are served by the essential work of America's public charities, which is made possible in part by the charitable giving incentives contained in the extenders package, particularly the IRA charitable rollover. Originally created by the Pension Protection Act of 2006 as a way to encourage older Americans to make gifts to charities, the IRA charitable rollover provision in the tax code allows individuals age 70½ to donate up to \$100,000 to a qualifying public charity directly from his or her IRA without incurring tax on the withdrawal.

The tax benefits of the IRA charitable rollover are available to taxpayers regardless of whether they itemize their returns. In particular, this helps older Americans who may have paid off their home mortgage and no longer file itemized tax returns. The mandatory distribution from their IRA would otherwise trigger a tax burden, even if they donate the money to charity. The IRA charitable rollover provision removes these negative tax consequences and encourages Americans to give back to their communities during their lifetime.

During the first two years the IRA charitable rollover was available, it prompted more than \$140 million in charitable donations, with the median gift just under \$4,500. Beneficiaries included social service providers, religious organizations, cultural institutions and schools – organizations that benefit communities and improve lives every day.

Unfortunately, the IRA charitable rollover, along with the entire package of tax extenders, was allowed to expire on January 1 for the fourth time in recent years. On each of the three previous occasions, the entire package of extenders was reinstated retroactively at the end of the following year. While this may be an adequate solution for most of the provisions in the extenders package, the charitable provisions like the IRA charitable rollover are different.

The tremendous uncertainty caused for donors by lapses and subsequent reinstatement has made it extremely difficult for donors and financial advisors to plan IRA distributions and related charitable giving strategies, impeding the transfer of gifts that support much-needed services. Many of these planning discussions begin early in the tax year, and without a clear, statutory grant of authority, many donations that might otherwise have been made simply are not. Retroactive enactment is a further hollow benefit for the charitable community because mandatory IRA withdrawals taken during the year cannot be retroactively "rolled over" to a charity.

The annual extenders package includes two additional charitable giving incentives that are vital to sustaining the work of public charities. The enhanced deduction for donations of food allows individuals and organizations to reduce their taxable income by providing qualifying food inventory to certain charitable organizations. According to data collected by Food Donation Connection, donations from non C corporation restaurants have increased 137% since the 2006 expansion of this provision to include all business donors.

Further, the enhanced deduction for donations of land conservation easements allows land owners to reduce their taxable income by permanently retiring development rights to their property for the purpose of protecting and preserving significant natural resources. A survey by the Land Trust Alliance showed that this incentive helped 1,700 land trusts increase the pace of conservation by a third – to over a million acres a year.

For all these reasons, we urge the Committee to support the immediate reinstatement of the tax extenders package, including three critical giving incentives – the IRA charitable rollover and the enhanced deductions for donations of food inventory and land conservation easements. We also respectfully request that you contact Representative Schock's office to cosponsor H.R. 4619, bipartisan legislation introduced by Representatives Schock and Blumenauer that would make permanent the IRA charitable rollover.

Thank you for your consideration,

Independent Sector