



## **CHARITABLE GIVING**

### **Request:**

- Oppose efforts to reduce deductibility of charitable gifts.
- Support the Artist-Museum Partnership Act (S.405/H.R.1126).
- Support the Tax Extenders Act of 2009 (H.R.4213) as passed by the House on December 9, 2009, and the Senate on March 11, 2010.
- Permanently Extend the IRA Rollover Charitable Deduction and support the Public Good IRA Rollover Act of 2009 (H.R.1250/S.864).

### **Introduction:**

Charitable giving is the lifeblood of museums of all sizes and disciplines; it accounts for more than one-third of museums' operating funds. At a time when our nation is facing economic uncertainty and many donors are unable to give as they once did, many museums have been forced to cut back on staff, programs, hours or even close down entirely. Many of those that remain open face a very uncertain future.

### **Talking Points:**

#### **Deductibility of Charitable Gifts**

- A proposal to limit the deductibility of charitable gifts would create a disincentive for taxpayers who give the most to charitable organizations. This is especially harmful at a time when charitable organizations are facing enormous financial challenges stemming from the economic downturn.
- The Giving USA Foundation recently reported that in 2008, the decline in total charitable giving was the greatest since the organization began tracking charitable donations in 1956. 2009 was just as devastating for some charities, which after years of public service, closed their doors for good.
- Studies indicate that donors give for many reasons—incentives such as tax deductions being among them. While Americans do not make charitable gifts only for tax reasons, tax incentives make more and bigger gifts possible. This has been recently demonstrated: During times of crisis, such as the natural disasters like Hurricane Katrina, the 2008 Midwest flooding, and earthquakes in Haiti and Chile, Congress has passed charitable giving incentives to make it easier for Americans to give donations and support to the nonprofits serving individuals, families and communities in need.
- While we appreciate efforts to pass health care reform and that difficult fiscal choices need to be made, we oppose paying for such efforts by making it more difficult for nonprofits like museums to continue serving their communities.

- **STATUS:** Both the Administration's FY11 budget and the Administration's health care proposal included a provision to limit the value of itemized deductions for charitable contributions.

### **Artist-Museum Partnership Act**

- Living artists, writers, choreographers, and composers – many of whom earn very little – have no financial incentive to donate their works, because they cannot claim a tax deduction for the works' fair market value. Rather, they can deduct only the value of materials, such as paper, ink, paint, and canvas. As a result, works of local, regional, and national significance are sold into private hands and are never made available to the public.
- Small and mid-sized museums – which often do not have the same financial resources and support as larger institutions – rely especially upon artist donations to build and enhance their collections.
  - **STATUS:** The “**Artist-Museum Partnership Act of 2009**” (S. 405, sponsored by Senator Patrick Leahy in the Senate, and H.R. 1126, sponsored by Representative John Lewis in the House) provides that a deduction equal to fair market value shall be allowed for charitable contributions of literary, musical, artistic, or scholarly compositions created by the donor. The House version of the bill has more than 78 cosponsors. The Senate bill has 21 cosponsors and similar bills have passed the Senate 5 times.

### **IRA Charitable Rollover**

- The IRA Charitable Rollover is a tax incentive that allows individuals aged 70½ and older to donate up to \$100,000 from their Individual Retirement Accounts (IRAs) and Roth IRAs to public charities without having to count the distributions as taxable income. Since enactment in August 2006, the IRA Charitable Rollover has generated a significant amount of new charitable giving.
  - **STATUS:** The IRA Charitable Rollover and several other giving incentives expired on December 31, 2009. The House of Representatives passed the Tax Extenders Act of 2009 (H.R. 4213) – extending the previous law through 2010 – on December 9, 2009. The Senate followed suit on March 10, 2010. The “**Public Good IRA Rollover Act of 2009**” (H.R. 1250, sponsored by Representatives Earl Pomeroy and Wally Herger in the House, and S. 864, sponsored by Senators Byron Dorgan and Olympia Snowe in the Senate) would make the IRA Rollover permanent, remove the arbitrary \$100,000 cap, and reduce the qualifying age to 59 ½.