

GOAL 1:

Support legislation that would incentivize all Americans to be charitable givers.

GOAL 2:

Oppose legislation to repeal or amend the Johnson Amendment which would adversely affect the nonpartisanship and trust of the charitable sector.

GOAL 3:

Support legislation to either simplify the excise tax on private foundations to a flat 1 percent or to a revenue neutral tax. (SB 1343-CHARITY Act) (HR 2386)

GOAL 4:

Support legislation to allow tax-free distributions from individual retirement accounts to community foundation donor advised funds. (SB 1343- CHARITY Act) (HR 1337)

GOAL 5:

Support legislation and regulatory reform to make it easier for foundations to make program-related investments (PRIs).

GOAL 6:

Support legislation and regulatory reform that would expand loan forgiveness programs to reduce student debt as non-taxable to the ultimate beneficiary, the graduate who has incurred such debt, thereby supporting talent attraction and retention as an economic development strategy for rural and urban distressed communities.

GOAL 7:

Support federal funding of public-private partnerships with the nonprofit sector through federal departments, agencies and programs such as: the Corporation for National and Community Service, the National Endowments for the Arts and Humanities, and Great Lakes Restoration Initiative, without which the quality of life for all Michiganders would be diminished.

LEGISLATION UPDATE ON 2018 GOVERNMENT RELATIONS GOALS

GOAL 1: Support legislation that would incentivize all Americans to be charitable givers

- HR 3988 – Universal Charitable Giving Act – introduced in 2017 by Rep. Walker of North Carolina and Rep. Bill Huizenga, the only the Michigan co-sponsor, caps charitable tax deduction at 1/3 of the new standard deduction - \$2,100 for individual, \$4,200 for a couple
- SB 2123 – Universal Charitable Giving Act – introduced in 2017 by Senator Lankford of Oklahoma, no Michigan co-sponsor
- Amendment to HR 1 Tax Reform and Jobs Act for Universal Charitable Deduction – introduced in December 2017 with Senator Debbie Stabenow, a co-sponsor. It was defeated; however, it would not have capped the charitable deduction like the other two bills.

The IRS reported that the average itemizer with an adjusted gross income of \$80,000 claimed a deduction in 2016 of \$3,041.

GOAL 2: Oppose legislation to repeal the Johnson Amendment

- HR 171 Restoration of Free Speech and First Amendment Rights to churches and tax-exempt organizations – introduced by Rep. Hice, there were no Michigan co-sponsors on this bill
- HR 781 Free Speech Fairness Act to allow churches, nonprofits and educational institutions to receive and direct political donations – introduced by Rep. Scalice, there were no Michigan co-sponsors on this bill. HR 781 removed from HR 1 in December by the Senate Parliamentarian in ruling on Point of Order supported by Michigan's senators because no relevance to tax policy.
- SB 264 Free Speech Fairness Act – introduced by Senator Lankford, there were no Michigan co-sponsors on this bill

The IRS indicated a potential revenue loss exceeding one billion dollars a year with the diversion of campaign contributions to tax exempts.

GOAL 3: Support legislation to simplify excise tax on private foundations to a flat 1 percent or revenue neutral number

- SB 1343 – CHARITY Act introduced by Senator Thune with Senators Debbie Stabenow and Gary Peters as co-sponsors would set excise tax at 1 percent.
 - Amendment to add the CHARITY Act to HR 1 introduced by Senator Debbie Stabenow in December was defeated
 - Amendment to add the CHARTY Act to two-year budget bill passed in January was approved in the Senate but defeated in the House
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- HR 2386 - Private Foundation Excise Tax Simplification Act – introduced by Rep. Tiberi, with Rep Mike Bishop as the only Michigan co-sponsor

GOAL 4: Support legislation to allow transfer of IRA Charitable Rollover Gifts to Donor Advised Funds

- SB 1343 – CHARITY Act includes this provision
- HR 1337 – Legacy IRA Act, introduced by Rep. Cramer of North Dakota, there were no Michigan co-sponsors on this bill

GOAL 5: Program Related Investments

- There's no legislation pending

GOAL 6: Support legislation providing for Reverse Scholarships

- There's no legislation pending

GOAL 7: Support Public Private Partnerships

- This will be impacted by President's proposed budget

BACKGROUND

CMF continues to fund independent nonpartisan research that will contribute to the data needed on the above goals such as: the 2017 analysis by Professor Cordes of George Washington University of the potential job loss to the charitable sector as a result of the Tax Reform and Jobs Act; the 2016 update on the Private Foundation Excise Tax by Cambridge Associates; and in partnership with the Michigan Nonprofit Association, the 2016 Economic Impact Analysis of Michigan's Nonprofit Sector by Public Sector Consultants that confirmed more than 430,000 Michiganders are employed by nonprofit organizations.

At the state level, CMF continues to support the Governor's Office of the Foundation Liaison which facilitates public-private partnerships often involving both federal and state funding. With the Michigan Nonprofit Association (MNA) and Michigan Association of United Ways, CMF continues to support the bi-partisan, bi-cameral Nonprofit Caucus in the Legislature, and the Nonprofit Council to the Charitable Trust Section of the Office of the Attorney General.

Learn more at www.michiganfoundations.org
