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Southeastern Council  
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November 26, 2019

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Richard. E. Neal  
Chair  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin McCarthy  
House Republican Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin Brady  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Speaker Pelosi, Leader McCarthy, Chairman Neal, and Ranking Member Brady,

United Philanthropy Forum and our philanthropy members across the country express our gratitude for the Ways and Means Committee's efforts to simplify the private foundation excise tax. We stand together in support of the Private Foundation Excise Tax Simplification Act (H.R. 4953) introduced by Reps. Danny Davis (D-IL) and George Holding (R-NC), which would simplify the current two-tier private foundation excise tax to a revenue-neutral, flat rate of 1.39 percent.

As you know, private foundations are required to pay an excise tax on their net investment income. Currently, the excise tax on private foundation investment income is determined by a complicated, two-tier structure.

The current two-tier structure creates a negative incentive for private foundations to increase their giving. If private foundations give at a higher rate one year, such as in a time of emergency or natural disaster, they are then penalized for returning to normal levels of giving in subsequent years.

The signatories of this letter, together representing hundreds of foundations, ask that the simplified 1.39 percent excise tax be included in any appropriate year-end legislation.

- Arizona Grantmakers Forum
- Council of Michigan Foundations
- Forefront (Illinois)
- Grantmakers of Western Pennsylvania
- Iowa Council of Foundations
- Maine Philanthropy Center
- Mid-South Philanthropy Network
- Minnesota Council on Foundations
- NY Funders Alliance
- Philanthropy California, an alliance of Northern California Grantmakers, Southern California Grantmakers, and San Diego Grantmakers
- Philanthropy Colorado
- Philanthropy Network Greater Philadelphia
- Philanthropy New York
- Philanthropy Northwest
- Philanthropy Ohio
- Philanthropy Southwest
- Philanthropy West Virginia
- Southeastern Council of Foundations
- United Philanthropy Forum

### **Who We Are**

United Philanthropy Forum and our nearly 80 members hold a unique position in the social sector to help increase philanthropy's impact in communities across the country. Together, as philanthropy-serving organizations, we represent over 7,000 foundations and other funders. We help philanthropy make our communities better places to work, live and, thrive.

CC: Members of the House Committee on Ways and Means



December 2, 2019

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin McCarthy  
House Republican Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Richard E. Neal  
Chair  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin Brady  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Speaker Pelosi, Leader McCarthy, Chairman Neal and Ranking Member Brady,

As you know, the philanthropic community has partnered with members of the Ways and Means Committee for many years to simplify the private foundation excise tax. Under the current two-tiered rate, foundations can be penalized with higher taxes when they give more during times of extraordinary need, such as after natural disasters. This disincentive reduces giving often when local communities' needs are greatest.

A simplification of the private foundation excise tax has passed the House twice as part of the America Gives More Act, and we're grateful the committee still sees it as a priority. Reps. Danny Davis (D-IL) and George Holding (R-NC) also introduced H.R. 4953, the Private Foundation Excise Tax Simplification Act, which would simplify the current two-tier private foundation excise tax to a revenue-neutral rate of 1.39 percent.

We have worked on this issue for many years and strongly believe the two-tiered system is a hindrance to increased grantmaking. Since simplification of the tax is our premier objective as we approach any potential year-end tax changes, we have come together to support the revenue-neutral 1.39 percent rate and will remain in lock-step as a field as this legislation moves forward this year.

As you decide on which tax provisions to include in disaster relief or any other legislative vehicle, we are united in asking you to include the simplified 1.39 percent rate. Thank you so much for your consideration of this request.

**Alliance for Charitable Reform**

**Council on Foundations**

**Council of Michigan Foundations**

**Forefront**

**Independent Sector**

**Philanthropy California**, an alliance of Northern California, San Diego, and Southern California Grantmakers

**Philanthropy Southwest**

**Southeastern Council of Foundations**

**United Philanthropy Forum**