Comments from Mary Lynn Myers
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Donor Advised Funds

Donor advised funds are one of many tools that the Community Foundation of Collier County uses to engage donors and connect them with the causes they care about in our community. Through donor advised funds, we can increase charitable giving and build access to long-term philanthropic resources in our community, allowing assets to be used to address immediate needs or support future development.

DAFs have been used to support everything from emergency response efforts to long-term community economic development efforts. DAFs ensure funds are available during hard times, much like a community savings account. One misguided proposal would require a DAF to exhaust its funds within five years or pay an annual 20 percent excise tax penalty on remaining money. Shortsighted policies could significantly diminish use of the fastest growing giving tool, reduce charitable giving among a diverse group of donors, and threaten communities' ability to quickly respond to local needs.

Excise Tax

For more than a decade, foundations have been asking Congress to simplify the private foundation excise tax to a single rate. The current excise tax is extremely complicated and requires extensive time and resources to calculate. It has become a real management challenge because of its complex, two-tier structure and the inherent uncertainties in precisely calculating net investment income by year's end. Consequently, the rate structure actually serves as a disincentive for increasing grantmaking in a calendar year – which is particularly devastating when late-year emergencies or disasters occur.

A single rate for all private foundations would greatly simplify compliance, improve efficiencies, and remove disincentives. A flat rate of 1% would certainly be simple to administer.

IRA Rollover

We ask that you make the IRA charitable rollover permanent law. Since its enactment in the Pension Protection Act of 2006, the IRA rollover provision has proven to be very popular with taxpayers and beneficial to charities. The temporary renewals of these incentives make planning difficult for donors and create uncertainty that harms the country's charitable sector.

Charitable Deduction

Before you make changes to the charitable deduction, we ask you to consider the power and positive incentive of the charitable deduction in our communities. We want to assure that important charitable work in every corner of our country continues and that your constituents will continue to be assisted by this work. The charitable deduction is critically important to assure that these organizations continue to thrive.

The charitable deduction is a unique tax benefit. It encourages individuals to give away a portion of their income without getting anything back. This makes it different from other tax benefits, which encourage individuals to spend or save for themselves. In other words, it is the ONLY deduction that exists for the benefit of the public rather than the individual taxpayer. Changes to charitable giving incentives would cause donations to decline by billions of dollars each year, stifling philanthropy's effect during a time when communities are still struggling to recover from the recession.