



COUNCIL *on* FOUNDATIONS

Washington Update

Thursday, March 10th, 2016





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Thank you for joining us. The webinar will begin shortly!



Moderators



Sue Santa

Sr. Vice President, Public Policy and Legal Affairs
Council on Foundations



Hadar Susskind

Vice President of Public Policy
Council on Foundations



Dave Biemesderfer

President & CEO

Forum of Regional Associations of Grantmakers



Speakers



Jayne Fitzgerald

Senior Counsel
Akin Gump



Adena Hill

Manager of Public Policy
& Special Projects
*Southeastern Council of
Foundations*



Karen Freeman

Vice President of
Operations &
Government Relations
*Southern California
Grantmakers*



Josh Gibb

Executive Director
*Galesburg Community
Foundation*



Lay of the Land: *What's Happening on the Hill in 2016?*

Jayne Fitzgerald, Senior Counsel, *Akin Gump*



Lay of the Land

2016 Congressional Schedule

- In 2016, there are 366 days because it is a leap year. Of those days, 251 are work days because of holidays and weekends. The House will be in session for 111 of the 251 work days. The Senate will be in session for 149 of the 251 work days.

Quarter	Number of Work Days	House: Days in Session	Senate: Days in Session	House: % of Work Days	Senate: % of Work Days
1 st Quarter	62	33	41	53%	66%
2 nd Quarter	64	36	54	56%	84%
3 rd Quarter	64	26	27	41%	42%
4 th Quarter	61	16	24	26%	39%



2016 Outlook

- With the enactment of the year-end omnibus appropriations and tax extender bill (the Protecting Americans from Tax Hikes (PATH) Act of 2015), which included permanency for the IRA rollover, expect 2016 to be a year of relative quiet for tax-related legislation.
 - However, much policy activity—in the tax-writing committees, the Treasury Department and on the presidential campaign trail—can be expected.
 - Exceptions: 2016 extenders, Puerto Rico relief, FAA extension
- 2016 legislative year may be effectively bifurcated into two segments: a pre-election and postelection (“lame-duck”) session, with legislative possibilities more realistic in the latter.



Lay of the Land

2016 Tax Agenda

- Chairmen of the tax-writing committees—Ways and Means Chairman Kevin Brady (R-TX) and Finance Chairman Orrin Hatch (R-UT)—as well as Speaker Paul Ryan (R-WI)—have indicated 2016 will be critical in laying the foundation for comprehensive tax reform.
 - General Consensus: Tax reform legislation will not be enacted in 2016, but much activity is expected in committees to set the foundation for a significant legislative effort in 2017.
- Return to “regular order”: Speaker Ryan and Chairman Brady intend to solicit input of Republican members of the Ways and Means Committee and the House Republican Conference as part of a “bottom-up” process of agenda-setting on how tax reform should be advanced this year.
 - Speaker Ryan has created several “task forces” to tackle issues on the Republican agenda, one of which is tax reform led by Chairman Brady. Others include healthcare, poverty, and regulatory reform. The task forces have begun meeting to receive input on these issues.
- Process will likely present members with difficult, but core, tax reform policy issues:
 - (1) revenue neutrality
 - (2) distributional neutrality
 - (3) budget scorekeeping conventions and
 - (4) the rate structure for non-corporate “pass-through” business entities.
- Hatch and Brady recently sent letters to 56 private colleges and universities seeking information on how the institutions manage and spend from their endowments. Responses are due on April 1, 2016.



International and Corporate Tax Reform

- Renewed attention to international tax reform is expected this year.
- Rep. Charles Boustany (R-LA) is developing draft international tax legislation, which includes corporate rate reduction and is expected to be released in March.
- Chairman Hatch is expected to release a proposal in the near future to reduce taxes on U.S. corporations by granting companies a deduction for dividends paid to shareholders, effectively negating corporate income taxes. However, the chairman's plan would not include lowering the corporate tax rate, according to sources.



Lay of the Land

President's Budget – FY2017

- **Charitable deduction cap**: Would limit the tax value of itemized deductions, including charitable contributions, to 28 percent.
- **Excise tax simplification**: Would replace the two rates of tax on private foundations that are exempt from Federal income tax with a single tax rate of 1.35 percent.
- **Changing the base limit for certain charitable contributions**: The general contribution base limit would remain at 50 percent for contributions of cash to public charities. For all other contributions (except for qualified conservation contributions), a base limit of 30 percent would apply. Would also change to the carryover period for excess contributions from 5 to 15 years.
- **College sporting events provision**: Would deny the deduction for contributions that entitle donors to a right to purchase tickets to sporting events



Lay of the Land

On the Campaign Trail

- Presidential candidates are advancing substantive tax reform proposals as essential elements of their campaigns.
- Among Republicans, major differences in tax plans are between those like Cruz, who favors a flat tax, versus Rubio, Trump, and Kasich who would instead lower the income tax rates for the middle class and in certain cases, reduce the number of tax brackets.
 - Sen. Rubio has recently begun to attack Sen. Cruz's plan, arguing that his "business flat tax" is a de facto value-added tax.
- In the Democratic race, tax policy continues to take a back seat to other issues; however, candidates favor higher rates for top earners and other policies that favor the middle class.
 - Sanders "Medicare for All" single-payer healthcare plan would rely on increased income and estate tax rates for higher earners, as well as taxing capital gains as ordinary income for those earning more than \$250,000
 - Secretary Clinton has favored rate increases on higher earners, while closing loopholes and capping deductions for the wealthy to raise revenue (this may include a 28 percent cap on charitable deductions). Her proposals are estimated to raise over \$1.1 trillion over 10 years (according to the Urban Brookings Tax Policy Center).



What is the Council Doing?

The Council's Work & Priorities for 2016

Sue Santa, Sr. VP for Public Policy & Legal Affairs, *Council on Foundations*

Hadar Susskind, VP for Public Policy, *Council on Foundations*



Guideposts & Platform for Philanthropy

Public Policy Guideposts

As a national public policy voice for philanthropy in the United States, the Council is in a unique position to serve as a trusted resource to its members, public officials, the philanthropic sector, civil society, and the general public on issues affecting philanthropy.



Guideposts & Platform for Philanthropy

Public Policy Guideposts

Through its policy work, the Council will strive to foster a philanthropic sector that is:

- ***Dynamic***
- ***Proactive***
- ***Responsive***
- ***Principled***
- ***Collaborative***
- ***Inclusive***
- ***Autonomous***
- ***Innovative***



Guideposts & Platform for Philanthropy

2016 Platform for Philanthropy

The *Platform* presents philanthropy as a dynamic force for innovation, strategic thinking, and leadership that advances the common good.

The Council, with its members and colleagues, will use the Platform to engage with and inform our nation's policymakers about the benefits of philanthropy.



Guideposts & Platform for Philanthropy

Council Priorities for 2016:

- Enhance the ability of foundations to leverage endowments strategically
- Assure philanthropy is a key stakeholder in federal policymaking
- Fortify tax policy to allow philanthropy to flourish
- Support the evolution of American philanthropy



How Can You Engage?

Foundations on the Hill



Adena Hill, Manager of Public Policy & Special Projects,
Southeastern Council of Foundations

Karen Freeman, Vice President of Operations &
Government Relations, *Southern California Grantmakers*

Josh Gibb, Executive Director,
Galesburg Community Foundation



For More Information:

- Philanthropy Week website:

<http://www.cof.org/event/philanthropy-week-washington-2016>

- Forum of Regional Associations of Grantmakers FOTH website:

<https://www.givingforum.org/foundations-hill>





Questions?

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