August 11, 2021

Representative Name

Department

Address

Address

**Re: Extremely Harmful Legislation for Charities**

Dear Representative:

The 2022 White House budget released earlier this summer includes a provision that would drastically decrease charitable giving. Eliminating the benefits of split-interest gifts for taxpayers will result in the loss of hundreds of millions of dollars to our nation’s charities.

This White House proposal would treat transfers of appreciated assets as “realization events,” including funding split-interest gifts.  Unlike current law, the new White House proposal would treat the asset’s appreciation as an immediate taxable gain.  While there is an exclusion allowed for the charity’s share of the gain, the non-charitable portion of the gain would be taxed to the donor at the time of the transfer.  If enacted, charitable Americans would lose significant tax benefits in funding split-interest gifts, drastically reducing the amount of money flowing to charities.

For over fifty years, split-interest gifts such as charitable remainder trusts and pooled income funds have been a critically important component of charitable gift planning and funding for nonprofits.  These types of gifts allow average Americans to receive some stream of income while still assigning a significant portion of their gift to charity.  According to the latest available IRS data, trustees of split-interest trusts reported approximately $4.3 billion in charitable distributions in one year alone.

I adamantly oppose the Administration’s proposal to tax gifts of appreciated property and treat donations to split-interest trusts as realization events.  I believe federal tax law should encourage rather than discourage charitable giving.   After all, the true beneficiaries of federal tax policies that encourage charitable giving are not the generous Americans who make charitable gifts, but all of the people who are made better through the work of the charitable sector.

Please oppose this legislation which would be disastrous for charities and all communities across the country that depend on the critical role of charitable organizations.

Sincerely,

Name

Title