



Grantmakers

OF WESTERN PENNSYLVANIA

A Resource for Legislators and Staff

- **Identify Partners:** GWP can help you identify foundation and nonprofit leaders with expertise and resources to address community needs.
- **Research:** GWP can provide or direct you to data on charitable giving and policy issues affecting nonprofit organizations. GWP member foundations can help you access research, policy analysis, best practices and subject experts in a wide range of fields including aging, arts, basic needs, education, environment, health and mental health, community development and workforce development.
- **Constituent Services:** GWP can take the call when a constituent asks for information about private grants and philanthropy. Redirect them to Barbara at btaylor@gwpa.org.
- **Public Forum:** GWP can provide speaking and communications opportunities to share your views on issues facing our region and state.

Tax policy

GWP member organizations and their nonprofit partners operate under the tax code.

As Congress contemplates both individual changes to the tax code and comprehensive tax reform, GWP pays attention. We hope you will consider the implications of proposed changes on philanthropy and charitable organizations, and in turn, on your communities.

Changes to the code can enhance and expand the work done by philanthropy and its nonprofit partners. Alternatively, changes can constrain or diminish philanthropy's ability to assist public charities, and consequently hurt the communities we serve.

We recognize that Congress faces tough decisions regarding the nation's fiscal problems. GWP and its members can be a resource and a sounding board to understand all the implications of changes to the tax code. Please feel free to call upon us.

WE ASK YOU TO SUPPORT H.R. 644, THE AMERICA GIVES MORE ACT OF 2015

- This bill was passed by the House on February 12th.
- It would simplify the excise tax to a flat rate of 1%.
- It would make the IRA charitable rollover and other charitable tax extenders permanent law.

Foundation Excise Tax

The current excise tax is extremely complicated and requires extensive time and resources to calculate. It is a management challenge due to its complex, two-tier structure and the inherent uncertainties in calculating annual investment income.

Under current law, the two-tier structure actually serves as a disincentive for increasing grantmaking in a calendar year – particularly problematic when disasters or emergencies occur.

A higher grant payout by a foundation this year (say, to address cuts in public-sector funding for mental health providers) will make it more challenging for the foundation to qualify for the lower tax rate during the next five years. The higher tax rate translates into *fewer* available grant dollars in future.

A single rate for all private foundations would remove disincentives to higher payout and improve funders' efficiency.

Endowments = Impact

Endowed private foundations are uniquely positioned to meet regional challenges and opportunities over the long term. Endowments allow foundations to invest in research and evidence-based programs, program and policy assessment, and nonprofit effectiveness as well as meet unanticipated needs. Endowments are philanthropic capital: they contribute to robust public-private partnerships and to building regional resilience. Endowed communities thrive.

Contact Us

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