



The Honorable Mike Johnson
Speaker of the House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable John Thune
Senate Majority Leader
S-230, The Capitol
Washington, D.C. 20510

The Honorable Jason Smith
Chairman, Committee on Ways and Means
1139 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mike Crapo
Chairman, Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Excise tax on net investment income of private foundations

Dear Speaker Johnson, Leader Thune, Chairman Smith, and Chairman Crapo:

Our organizations collectively represent tens of thousands of charitable and philanthropic organizations all over the country and across the ideological spectrum, which touch the lives of virtually every American every day.

We urge you to strike Sec. 112022, increase in rate of tax on net investment income of certain private foundations, from the tax legislation to be marked up tomorrow. This increased tax would lead to a reduction in the charitable dollars that reach the communities that need them most.

Nonprofits rely on private foundations to provide critical investments in communities across the country. These charitable investments see a variety of dividends, from economic growth to workforce development to safer, healthier communities. Increasing the excise tax on private foundations means fewer dollars going to soup kitchens and food banks, healthcare centers, veterans' organizations, and emergency assistance in the aftermath of natural disasters.

Private foundations are always at the forefront of disaster response. During the Great Recession, even as their assets dropped 20%, foundations continued their support of community organizations, with many even stepping up their giving in response. This support helped keep impacted Americans in their homes, with the electricity and heating on, until they could get back on their feet. And in 2020, foundation giving jumped 19% as philanthropy responded to the pandemic.

Foundations could continue and often even increase their giving in 2007 and 2020 because of careful endowment management strategies. Increasing the excise tax on these foundations means that during the next crisis, there will be fewer dollars available to provide emergency rental or heat assistance. There will be fewer dollars available to make sure food pantries are well-stocked. There will be fewer dollars available to keep rural healthcare centers open and fewer dollars to help communities rebuild in the aftermath of floods, tornadoes, and hurricanes. Now is not the time to hurt foundations' ability to give, and particularly their ability to accelerate their giving in times of crisis.

Now is not the time to divert additional philanthropic dollars away from the communities that best know how to put them to work. We urge you to protect charitable giving and the nonprofit sector by removing this harmful provision.

Signed,
Council on Foundations
Independent Sector
National Council of Nonprofits
United Philanthropy Forum

CC: House Minority Leader Hakeem Jeffries, Senate Minority Leader Chuck Schumer, Ranking Member of the Committee on Ways and Means Richard Neal, and Ranking Member of the Committee on Finance Ron Wyden