

## H.911: MAJOR DONOR VOICES

All of the tax law changes this year really affect how we are looking at philanthropic giving. The organizations we love will still get our gift. Those that were not as high on our "love" list will probably fall off as a key piece of the giving was to add to our year-end tax deduction. I would say that at least 20% of our giving was driven by tax deductions. Those smaller gifts will either turn into larger gifts to fewer organizations or go away.

I heard from a major donor neighbor yesterday, that if this moves forward, he will cancel his multi-year gifts to organizations. Zero. Some donors feel that the legislature is jerking their chain and are going to respond with their pocketbooks regardless of the impacts to the receiving organizations and people served.

I am not in support of this at all. Yes, the tax benefits for large donations are very much the reason people give BIG donations. I'm talking \$100,000 and way up. No one gives that kind of money out of the goodness of their hearts, or at least no one I know. Yes they are good hearted people who care, but in the case of sizable donations, the tax benefit is crucial.

I have been on the edge of setting up a DAF (donor advised fund). If there is no tax advantage to do so, I won't bother. If the economy sours (not if, when), I will probably give less in the down years. If the money hadn't already been allocated to "philanthropy," it might not ever get in the hands of non-profits. If my logic about the DAF is correct, this could make a real difference in the amount of money that funds non-profits.

Our question would be (regarding a statement that the nonprofits would be able "to make it up") - how would a Spectrum or Vermont Foodbank or COTS "make up" a quarter million dollar grant?!? Certainly the State isn't planning on doing "making it up" grants?!? Do they have a "road map" as to how private funding is spread out through the State?"

I began giving on the advice of my accountant. If I receive no tax benefit beyond a \$500 tax credit, I won't be giving the \$50,000 that I give now. \$500 to a major donor is peanuts. I am a good hearted person, and I probably give way more than I receive in tax benefits, but taxes do play a large part in my consideration. I am not anti-tax, but I do think the nonprofits I give to do a much better job with my money than the State would.

I note that Vermont political candidates pay great attention to philanthropists when they (the candidates) are running for office. Hopefully they value more than our purses. And yes, political contributions are not deductible. I am being asked for more and giving less at the moment, as I am discouraged by politics. It's not the leading edge of positive, social, cultural change.

I think the proposal is lousy. Philanthropists, large and small, pay for key (social) infrastructure in Vermont. We know the names of those in need. We have the vision and ability to sustain social change that does not change direction every two years or with any electoral (and appointive) cycle. The charitable tax deduction is a small and important investment that encourages and keeps philanthropists in Vermont—and giving in Vermont. I know one philanthropist who is already considering leaving Vermont for tax reasons—as many have before her.

Though more money in the state coffers could help some people, non-profits have a very different approach to working with their recipients and their donors. The nonprofits build relationships that won't be built by the state. These organizations build communities of donors, they rally like-minded folks, keep us up to date on issues facing the state, get us involved in ways the state would not. Much more than money would be lost. Accountability, a sense of participation, and the opportunity to be part of decision making are also reasons I give. Nonprofits rely heavily on donors like me who spread our resources into many different arenas. How can we be sure that the extra money will actually go to those in need?

Janet Ancel's comment (adding the cap enabled her committee to increase the Earned Income Tax Credit and expand tax exemptions for Social Security recipients, providing more tax benefits to lower- and middle-income Vermonters, who are "people that a lot of these nonprofits help."), I think this is a very narrow definition of non-profits. She's talking about those that do poverty relief work. But what about organizations that deal with the environment, education, the arts, recreation? Those that work on systemic problems or like Public Assets, explain things to us?

My philanthropy is not done for tax purposes. Tax advantages are an added bonus. I don't know that I represent most folks in this kind of thinking. Overall, I suspect the legislation would indeed deter larger donations and is therefore a bad idea.