

AHP Government Relations Report

October 2010

United States

Legislative

Senate introduces legislation that would extend IRA Charitable Rollover

Senate Finance Chairman Max Baucus (D-MT) introduced the Job Creation and Tax Cut Act on September 16, which includes a one-year extension of the IRA Charitable Rollover and other charitable giving incentives to qualified charities. The \$50 billion package would extend many expired or expiring tax incentives from the American Jobs and Closing Tax Loopholes Act passed by the House with additional modifications. Floor consideration of this legislation is uncertain at this time and was delayed until after the midterm elections.

 [Senate Finance Summary of the Job Creation and Tax Cut Act](#)

 [Modifications from American Jobs and Closing Tax Loopholes Act](#)

The House of Representatives passed the American Jobs and Closing Tax Loopholes Act of 2010 on May 28, 2010. The bill would extend the IRA Rollover and a number of other expired tax provisions through December 31, 2010.

To learn more about qualified charities under the IRA Charitable Rollover provision, [download the Pension Protection Act of 2006](#) (page 284). To learn more about Supporting Organization types, download the [AHP Pension Protection Act of 2006 White Paper](#).

Obama signs into law a Continuing Resolution (CR) for FY 2011

President Obama on September 30 signed into law a Continuing Resolution (CR) for FY 2011 to keep the federal government in operation through December 3. The stop-gap funding measure funds the government at FY 2010 levels and does not incorporate an additional \$20 billion in spending requests made by the Administration, which includes increased funding for Pell Grants, the Postal Service and implementation of health care and financial regulatory reform legislation.

Cell-Phone Fix signed into law

President Obama on September 27 signed into law the Small Business Jobs Act of 2010 (H.R. 5297), which includes, among other provisions, the removal of employer-provided cell phones from the definition of listed property in the Internal Revenue Code.

Congress has adjourned for midterm elections

Congress is set to return for what is expected to be a busy “lame duck” work period November 15 following the midterm elections:

- Expiring 2001, 2003 tax cuts – Senate Finance Committee Chairman Max Baucus reportedly has a package ready to extend many of the 2001 and 2003 tax cuts for the middle class. This package is also expected to include a permanent fix of the estate tax at 2009 levels (\$3.5 million; 45% rate) indexed for inflation. Democrats have pledged to extend the cuts for the middle class by the end of the year, while Republicans have maintained that the cuts should be extended for all taxpayers.
- Tax extenders – The outlook for a package of extenders, including the IRA Charitable Rollover and other giving incentives, remains unclear, as attempts to consider the legislation on the Senate floor prior to recess were unsuccessful.
- Appropriations – The current CR will fund the government at FY 2010 levels through December 3. With none of the 12 annual appropriations bills approved by both chambers, Congress is expected to turn its attention to the development of an omnibus appropriations package to set FY 2011 spending. If attempts to craft the omnibus are unsuccessful, Congress will likely pass another CR, carrying final work on FY 2011 appropriations into next year.

Regulatory

New health care law does not mean exempt hospitals will be audited every 3 years, says IRS official

Tax-exempt hospitals will not necessarily be audited by the Internal Revenue Service (IRS) every three years just because the new health law requires IRS to review their community benefit activity on a three-year schedule, according Sarah Hall Ingram, IRS commissioner of Tax Exempt and Government Entities (TE/GE). Ingram stressed that the IRS would be working with hospitals to satisfy the requirement under the Patient Protection and Affordable Care Act.

IRS releases draft of 2010 core Form 990

The IRS has released a draft of the 2010 core Form 990, which contains a number of disclosure agreements in addition to the applicable financial information. This is an advance proof copy of the form and is subject to change and OMB approval before release. The 10-page core form can be accessed [here](#).

Postal rate hike rejected

The Postal Regulatory Commission (PRC) on September 30 rejected the proposed two-cent rate hikes proposed by the Postal Service, which would have impacted nonprofit and for-profit employers alike. The proposed rate hikes would have added \$3 billion annually to the nation's postal bill.

Canada

AHP submits comments on Bill C-470 to the House Finance Committee

AHP submitted comments on September 20 to the clerk of the House Finance Committee regarding [Bill C-470](#) Income Tax Amendments, Revocation of Registration. AHP maintains that there is no necessity from a public policy perspective to require the disclosure of exact dollar amounts of the salaries of senior executives and a compensation cap for registered charities as proposed in this Bill. A framework for transparency and the imposition of penalties for conferring undue benefits is already in place under the Income Tax Act, as well as the requirement to file the T301B Registered Charity Information Return. AHP recommends that this Bill be defeated. AHP provides further discussion in support of its position which is available on the AHP website.

AHP submits pre-budget brief to House of Commons for FY 2011 budget

The House of Commons Standing Committee on Finance issued its call for briefs and recommendations as part of the consultation process for Budget 2011 in early June. The deadline for submission was August 13, 2010. In its response, AHP recommended that the federal government take the following action:

1. Help restore and grow personal charitable giving, which has dropped as a result of the recession, by encouraging Canadians to give through the establishment of a "stretch" charitable tax credit.
2. Eliminate capital gains tax on gifts of private company shares and real estate to stimulate greater private sector funding of charities.
3. Increase the GST rebate and the federal portion of the HST rebate on all eligible purchases made by publicly funded, not-for-profit institutions in the health sector (including hospitals, long-term care facilities and home community care services) to 100 percent.

Read [full brief](#).