



## **AHP Government Relations Quarterly Update – April 2007**

### **Key Meetings on the Hill in April**

On April 17, AHP visited representatives on the US Senate Finance Committee and the House Ways and Means Committee. Of the many topics affecting health care philanthropy in the United States, AHP Director Kathy Renzetti and AHP President, Chief Executive Officer William McGinly learned more about the concerns and objectives surrounding non-profit hospital tax-exempt status and community benefit.

As described in Bill McGinly's article in the May issue of the AHP E-Connect, AHP met with key legislative staff members with responsibility for philanthropy issues for Senator Max Baucus (D-MT), Majority Chair, and Senator Chuck Grassley (R-IA), Minority Chair, of the Senate Finance Committee. Bill and Kathy also visited with health policy and tax advisors for Representative Dave Camp (R-4<sup>th</sup> MI), Minority Chair, and Representative Pete Stark (D-13<sup>th</sup> CA) Chair, Health Subcommittee of the House Ways and Means Committee. In addition, they spoke with the legislative aid in Representative Robin Hayes (R – 8<sup>th</sup> NC) office. Hayes is spearheading the development of a Congressional Philanthropy Caucus, and AHP plans to act in an advisory role as this important group develops their agenda for philanthropy.

Bill noted that by far the most important message they departed with is that these individuals are interested in solutions and guidelines that come from our profession, rather than from the government or a third party. They presented the AHP Performance Benchmarking Service as it helps provide the clarity and consistency in reporting that benefit citizens in making informed giving choices, and to the government in terms of accountability.

We will contact via a separate email the AHP Regional Government Relations Chairs and State Representatives responsible for Montana, Iowa, California, Michigan and North Carolina. We ask for your assistance in contacting AHP members in the districts of the representatives that Bill met with on April 17. Our goal is to have the appropriate AHP members send a thank you to their representative for meeting with AHP.

### **Upcoming Hearings on Nonprofits**

We will also continue to monitor the House Ways and Means Committee's plan to hold hearings on nonprofit organizations in order to determine AHP's role. Rep. Charles Rangel, who chairs the House Ways and Means Committee, wants nonprofit organizations to show why they deserve to be tax-exempt and what they plan to do to help the poor and elderly. The committee will also look at problems that charities face as they attempt to fulfill their missions. Chairman Rangel said the House Ways and Means Committee will conduct hearings later this year to examine the tax-exempt status of nonprofit organizations. House Ways and Means Tax Counsel Karen McAfee has also commented that the committee intends to make technical corrections to charitable provisions in the Pension Protection Act that have been burdensome to tax-exempt organizations. McAfee also stated that a hearing will be held in May addressing the Pension Protection Act's charitable provisions along with a hearing in June that will focus on how tax-exempt organizations benefit rural, urban, and minority communities.

### **IRS Clarifications and Guidance**

The Internal Revenue Service plans to issue a formal guidance on Political Activity for Tax-Exempt organizations on what constitutes political activity. The guidance will be based on the IRS fact sheet issued in February 2006 to help organizations understand the rules. The IRS also posted clarifications for tax-

exempt organizations using UBIT. All 501(c) organizations must file Form 8868, Application for Extension of Time to File an Exempt Organization, in order to request a six-month extension for filing Form 990-T, through which organizations report unrelated business income. It seems these new changes have people pleased since Form 990-T now clarifies certain instructions and questions, particularly pertaining to compensation of officers, directors, and key employees. Form 990-T also states that only direct business relationships, such as employment or contractual relationships or common ownership between organization officers, must be reported. It has also enhanced transparency and better governance by tax-exempt organizations. IRS Tax-Exempt and Government Entities (TE/GE) Commissioner Steven Miller and Tax-Exempt Organization Director Lois Lerner said that the IRS has stepped up exempt organization enforcement efforts by increasing audits of tax-exempt organizations by 43 percent since 2005. The Service has also lowered the backlog for organizations seeking tax-exempt status by 46 percent.