

Morgan Lewis

**A View of the Sector
from the Trenches**

Legislative Developments

January 15, 2015

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**Leadership Changes
in the 114th Congress**

- Rep. Paul Ryan (R-WI) succeeds Rep. Dave Camp (R-MI) as chairman of House Committee on Ways and Means
- Rep. Jason Chaffetz (R-UT) succeeds Rep. Darrel Issa (R-CA) as chairman of House Oversight and Government Reform Committee
- Sen. Orrin Hatch (R-UT) succeeds Sen. Ron Wyden (D-OR) as chairman of Senate Finance Committee

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Tax Extenders: One Year or Two Years?

- Traditional tax extenders affecting tax-exempt organizations:
 - deduction for contributions of capital gain real property made for conservation purposes;
 - tax-free distributions from individual retirement accounts (IRAs) for charitable purposes;
 - the tax deduction for contributions of food inventory by taxpayers other than C corporations;
 - the basis adjustment rule for stock of an S corporation making charitable contributions of property;
 - extension of modification of tax treatment of certain payments to controlling exempt organizations
- Achieving a Better Life Experience Act (ABLE Act)
 - tax exempt savings accounts for individuals with disabilities

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America Gives More Act or America Gives EVEN MORE Act?

- America Gives More Act (HR 4719) contained the following provisions affecting exempt organizations:
 - Extension and expansion of charitable deduction for contributions of food inventory
 - Make permanent the rule allowing certain tax-free distributions from individual retirement accounts for charitable purposes
 - Modify and make permanent the special rule for qualified conservation contributions
 - Allow charitable contributions made by an individual after the close of the taxable year, but before the tax return due date, to be treated as made in such taxable year
 - Modify the tax rate for excise tax on investment income of private foundations to a flat 1%

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DC Is (Still) Talking Tax Reform

“The idea of tax reform is to get our economy going again, provide better, more economic growth, more jobs and higher wages. The way you do that is you bring down rates.

And to bring down rates, you clean out a lot of the garbage that’s in there and the special interest issues that are in it.

I think we ought to have a real conversation and this is the beginning of that conversation.” –Rep. John Boehner (R-OH)

“I think we will not be able to finish the job, regretfully. I don’t see how we can.” – Sen. Mitch McConnell (R-KY)

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How Do Nonprofits Fit In?

“Tax-exempt organizations play a vital role in American society – providing needed assistance to millions of people every day.

However, many operate and more closely resemble taxable businesses, not tax-exempt charitable organizations.”

– House Ways and Means Committee, Tax Reform Act of 2014, Executive Summary

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First appeared as part of the conference materials for the
32nd Annual Nonprofit Organizations Institute session
"A View of the Sector from the Trenches"