

Under a compromise reached this month between the legislators and foundation leaders, California's ten largest foundations committed to a comprehensive multimillion, multiyear investment in minority communities. The foundations agreed to provide capacity building support and technical assistance to minority-led and grassroots community-based organizations that serve primarily minority and low-income communities in California. In addition, the foundations pledged to provide support for leadership development activities for a diverse pool of philanthropic and nonprofit executives, staff, and board members.

- **Congress Working to Restore Charitable Giving Incentives**

The House and Senate have both been working on legislation that would extend a set of tax provisions that either expired at the end of 2007 or will expire at the end of this year. The House approved H.R. 6049 (Renewable Energy and Job Creation Act), which includes a one-year extension of the IRA charitable rollover as well as other charitable incentives, such as the research and development tax credit, a deduction for property taxes for non-itemizers, the deduction for tuition expenses, an optional deduction for state sales taxes and a package of energy-related tax credits designed to provide incentives for the creation of alternative sources of energy.

Senate Finance Committee Chairman Max Baucus (D-MT) and Ranking Member Charles Grassley (R-IA) have introduced S. 2886. Generally referred to as the "extenders" package, the bill includes the IRA Charitable Rollover and other giving incentives, numerous individual and business tax provisions, energy tax incentives, and a temporary fix to the Alternative Minimum Tax.

Because of a compressed election year congressional calendar, H.R. 6049 is expected to skip a Senate Finance Committee mark-up and go directly to the Senate floor for a vote later this week. As currently written, neither the House nor Senate versions change the extension of the IRA charitable rollover in its most recent form (which expired in December 2007); both bills exclude distributions from IRA accounts to donor-advised funds, supporting organizations, and private foundations. In addition, neither bill changes the age requirement (70-and-a-half) or donation cap (\$100,000 per taxpayer per taxable year). If passed, it is expected that all charitable giving incentives included in the final bill will be retroactive to 2008.

- **IRS Scrutinizing Political Activities of Nonprofits**

The IRS has launched its Political Activities Compliance Initiative ([PACI](#)) for the 2008 campaign season with the goal of providing guidance on prohibited campaign intervention by 501(c)(3) organizations and maintaining enforcement in this area. According to an April 17 memo from Lois Lerner, director of the Exempt Organizations Division of the IRS, the Service will pay additional attention this year to: issue advocacy that may be linked to a particular candidate; internet links between a 501(c)(3) organization's website and a candidate; political contributions by 501(c)(3) organizations; and whether political activity of 501(c)(4) organizations is being appropriately taxed.

RESOURCES:

- ***Top 10 Ways Foundations Can Influence Public Policy (2007; 24 pgs)***

This guide from the Council on Foundations can help your organization sort out a variety of ways you can legally influence public policy through such activities as educating legislators, funding advocacy organizations, educating the public about issues, and promoting civic participation. Order online at: <https://www.cof.org/Store/ProductDetail.cfm?&ProductID=6245>

- ***Foundations and Public Policy Grantmaking (2008; 21 pgs)***

A white paper commissioned by the James Irvine Foundation explores the range of ways private foundations can engage in public policy. The paper, by independent consultant Julia Coffman, who has worked with numerous foundations, proposes a framework for public policy grantmaking. http://www.irvine.org/assets/pdf/pubs/philanthropy/PublicPolicy_Coffman.pdf

- ***Investing in Change: Why Supporting Advocacy Makes Sense for Foundations (2008; 20 pgs)***

This publication published by Atlantic Philanthropies explores the experiences of a growing number of funders around the world who are committed to supporting advocacy as a strategy to advance social change.

