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**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515

GOVERNMENT REFORM COMMITTEE

SUBCOMMITTEE ON CRIMINAL JUSTICE,  
DRUG POLICY AND HUMAN RESOURCES  
CHAIRMAN

RESOURCES COMMITTEE

SELECT COMMITTEE ON  
HOMELAND SECURITY

SPEAKER'S DRUG TASK FORCE  
CO-CHAIRMAN

May 3, 2006

The Honorable William Thomas  
Chairman  
The House Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Charles Grassley [www.house.gov/souder](http://www.house.gov/souder)  
Chairman  
Senate Finance Committee  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairmen:

As the conference committee for the tax reconciliation bill and extenders package nears the end of its work, there are serious concerns with the sections related to the charitable and philanthropic sector. We, the undersigned members of the Republican Study Committee, urge you to be *very* wary of some of the unintended consequences of those charitable provisions, especially the proposed tax increases on private foundations and the proposed restrictions and regulations on contributions of clothing and household goods to local charities. Please consider the following points:

- The so-called "reforms" in the tax bill would increase taxes and raise revenues by more than \$1 billion on the charitable sector over a 10 year period, and more than half of this amount (\$543 million) would come at the expense of local charities that will receive fewer donations as a result of the new restrictions on contributions of clothing and household goods. These "reforms" and others, such as the new taxes on private foundations and requiring receipts for all cash gifts, will most severely hurt the people who depend on the generosity of these charities and their donors.
- The proposals you are considering would permanently damage America's philanthropic sector, deplete funds for vital services, and require private foundations to send money to the federal government that would otherwise go to charities and the people they help. As a result, instead of charities doing the important and effective work they do to improve lives, government will be expected to fill the gap at an even higher expense to taxpayers.
- The tax bill raises revenues from the charitable sector for the second time in two years, following the \$6 billion in hidden tax increases imposed on the philanthropic sector by the JOBS Act of 2004.

The proposed tax increases and revenue raisers in the tax reconciliation bill are listed under the guise of "reform" and are purportedly in response to "abuses" in the nonprofit sector. However, we don't need new laws or higher taxes on charities. A recent Gammon and Grange study notes that 92 out of 94 of the abuses identified by the Senate Finance Committee in its

hearings were already illegal! **We need the IRS to enforce existing laws and allow charities and foundations to continue the good work they have been doing to improve the lives of millions of Americans.**

**As Republicans, we shouldn't be considering imposing higher taxes and more federal government regulation on the very charities that we believe are most effective at meeting the physical, emotional and spiritual needs of the American people. Government is no substitute for meeting those needs, but that is exactly where these people will go for help if charities have to cut back their services.**

There are few principles more important to Republicans in Congress than *opposing* tax increases and increased government regulations and *supporting* the charitable sector in its efforts to respond to the needs of Americans. We urge you to adhere to those principles while crafting the final tax reconciliation bill.

Sincerely,

Mark Soder

Louis Lohmeyer

Virginia Foxx

K. Michael Conaway

B. Cochran

Pete Sessions

Mike T. McCal

Gil Gutknecht

Tim Pearce

Bob Good

John Davis

Greg Abbott

Robert Wicker

Scott Tipton

Mark Buntz

Tom Feeney

Dan Burton

Steven Pearce

El Harris 02-05

Robert Abbott

Dave Walden

Jim Bliley

Randy Neugebauer

Marilyn Musgrave

Mike Sand

Paul H. Cook

John R. Coatsworth

Paul Ryan

Cc: The Honorable Jon Kyl  
The Honorable Jim McCrery  
The Honorable Dave Camp

Signatures on 5/3/06 Letter to Chairmen Grassley and Thomas

Mark Souder  
Mike Pence  
Louie Gohmert  
Pete Sessions  
Randy Neugebauer  
Mike Conaway  
JoAnn Davis  
Rob Bishop  
Michael McCaul  
Gil Gutknecht  
Todd Akin  
Virginia Foxx  
Joe Pitts  
Darrell Issa  
John Carter  
Robert Aderholt  
Roger Wicker  
Dave Weldon  
Gresham Barrett  
Todd Tiahrt  
Kenny Marchant  
Tom Feeney  
Marilyn Musgrave  
Dan Burton  
Mike Sodrel  
Steve Pearce  
Scott Garrett  
Mark Green