

Legislative Alert July 2016



- Good news for nonprofit organizations is that Pennsylvania's legislature passed a budget, and Governor Wolf allowed the budget to pass into law without his signature. Also, a final revenue package was passed and signed by the Governor. While individual nonprofit organizations may not have received all the funding they desire, it is good news that a budget has been passed and that Pennsylvania nonprofits have the certainty of knowing whether or not their programs have been funded by this budget.
- Regarding the U.S. Department of Labor's overtime regulations, a House of Representatives appropriations subcommittee has added language to a bill seeking to block implementation. Since it is unlikely that President Obama will sign any such legislation or that Congress could obtain a veto-proof two-thirds vote, nonprofit organizations are well-advised to take steps to implement the new federal overtime regulations that go into effect on December 1, 2016.
- Last year, Congress passed the Protecting Americans from Tax Hikes (PATH) Act of 2015, retroactively reinstating the IRA Charitable Rollover and making the IRA Charitable Rollover permanent. Now, IRA owners over 70 ½ have the option of making current gifts to charity of up to \$100,000 per year from their IRAs. Currently, the Partnership for Philanthropic Planning (PPP), which is the parent organization for PPGC, is lobbying Congress to pass the Legacy IRA Act, which would expand the IRA Charitable Rollovers to up to \$400,000 per year for life income plans such as charitable gift annuities and remainder trusts. PPGC members are well-advised to consider support of the Legacy IRA Act.
- In a recent IRS Private Letter Ruling 201627002 (March 31, 2016), a charitable organization formed to protect endangered species lost its tax exempt status for being unable to substantiate certain expenses, including expenses for meals, cable TV, Internet service, automobiles, and other expenses which appeared to be private in nature. The organization also had substantial loans made to it by its executive director. This ruling points out the importance of good accounting, record keeping, and conflict of interest policies, always being able to substantiate the public and charitable purpose of a tax exempt organization's expenses.

The following items were reported on by Jack Owen, Esq. at the July 19, 2016 meeting.