

Unpacking the New Tax Law: What Happened and What's Next

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March 12, 2018

Encouraging Charitable Giving and Supporting Tax Fairness for Artists and Writers

We urge Congress to:

- Reinstatement and expansion of incentives for charitable giving by enacting a universal charitable deduction available to all taxpayers.
- Enact the Artist-Museum Partnership Act (H.R. 1830, S. 931).
- Maintain the qualified performing artist tax deduction and reinstate deductions for unreimbursed employee business expenses.
- Maintain artist eligibility in the Low-Income Housing Tax Credit program.
- Preserve the Historic Tax Credit.
- Maintain the income tax exemption for private activity bonds.

Enact the Artist-Museum Partnership Act

(H.R. 1830, S. 931), which would allow artists to deduct the fair market value of their work when they donate it to charitable collecting institutions.



- **Tax Fairness for Artists and Writers**
- **Public Access to Art**

SIEGEL: But to clarify this - if I, as the artist in my hypothetical wood carving - if I sold that to a collector for \$100,000 and the collector then donated it to the museum...

Sen. LEAHY: Oh, the collector - he could deduct \$100,000, I mean, that's the irony of the whole thing. If you made a piece of art that cost you \$20 in material, you donate it to museum. You get the \$20. You sold it for \$100,000 to somebody, they in turn or their estate gives it to the museum, they deduct the \$100,000. It just doesn't seem to make a great deal of sense.

Problem

- Museums, libraries and archives receive new works primarily through donations
- Unlike collectors, artists can only claim a tax deduction for the value of the materials, not the value of the art
- Virtually no incentive at all to donate

Solution

- Legislation to permit a Fair Market Value deduction for work donated by its creator
- Sponsored by Senator Pat Leahy (S. 931) and Representative John Lewis (H.R. 1830)



115TH CONGRESS
1ST SESSION

H. R. 1830

To amend the Internal Revenue Code of 1986 to provide that a deduction equal to fair market value shall be allowed for charitable contributions of literary, musical, artistic, or scholarly compositions created by the donor.

IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 2017

Mr. LEWIS of Georgia introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide that a deduction equal to fair market value shall be allowed for charitable contributions of literary, musical, artistic, or scholarly compositions created by the donor.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

Deductions for unreimbursed employee business expenses eliminated.



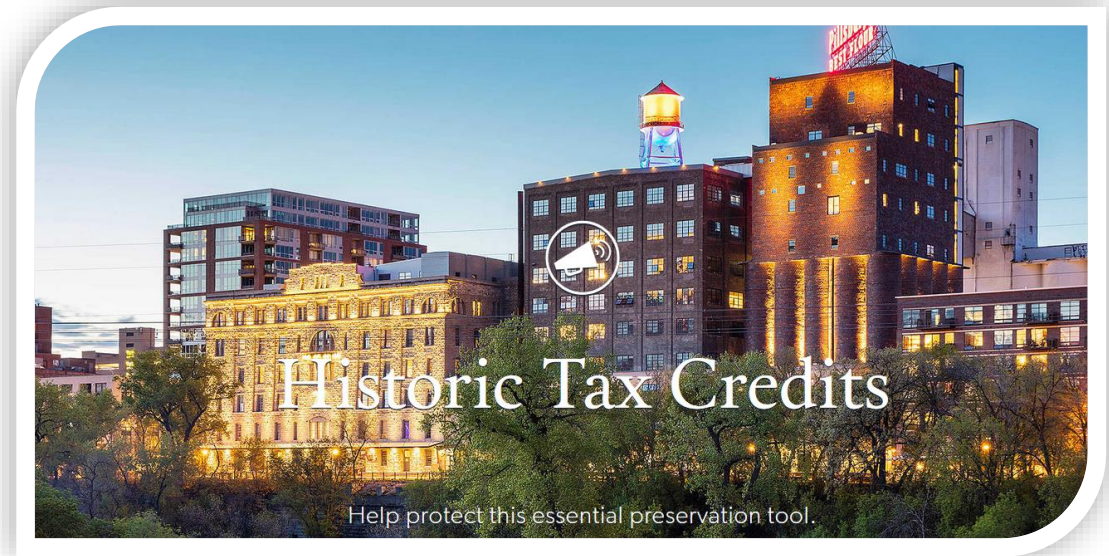
- **Contractors can deduct expenses for instruments, supplies, and other essential costs of working, but employees can't.**

Qualified performing artist tax deduction maintained.

- **Work for two or more employers**
- **Expenses more than 10% of performing arts income**
- **Income cap of \$16,000**

Preserve the Historic Tax Credit,

which has saved over 42,000 buildings that form the historic fabric of our nation.





Richmond, Virginia's Carpenter Theater was restored using the Historic Tax Credit.

- *For over three decades*, the Historic Tax Credit has been a widely used redevelopment tool for cities, towns, and rural communities across the country.
- It has a proven track record of **stimulating economic growth** and **creating jobs** through public-private leveraging opportunities.

Maintain Tax-Exempt Private Activity Bonds,

often employed to finance cultural
infrastructure projects that benefit the public.

- **Financing at lower borrowing costs, enables construction of projects like museums and concert halls**

Maintain artist eligibility

in the Low-Income Housing Tax Credit program



Pittsburgh's Spinning Plate Artist Lofts opened in 1998 with the support of Low Income Housing Tax Credits. // Action Housing

Developers in Baltimore, Minneapolis, Harlem, Houston, Pittsburgh, and scores of other places have used federal tax credits to build affordable lofts and studios exclusively for artists whose income falls below median levels. Such efforts have been lauded as a critical way to help preserve and support a city's cultural community, especially in cities like New York that are experiencing an affordability crisis. Cities often use artists' housing as a development tool, to rejuvenate abandoned or vacant industrial properties.

What's the Story?

- The Senate version of the tax bill included an amendment which **eliminated artist eligibility**.
- Section 42(g)(9)(c) was amended by adding “who are veterans of the Armed Forces” **in place of** “who are involved in artistic or literary activities”.
- i.e., it didn't just adding a (d).
- The removal of the artist housing preference would have a significant impact on anyone creating artist housing.
- Quick advocacy efforts focused on seeing the artist eligibility kept **and** the new veterans preference language added to it.

Preserve the Johnson Amendment, and protect 501(c)(3)s from partisanship.

- The Johnson Amendment prevents nonprofits from being pressured into partisan activity
- The broad charitable, religious, and philanthropic communities have come out in strong opposition to repeal of the Johnson Amendment.

What's Next?

- **Small-ish technical corrections bills.**
- **Educating lawmakers before next big tax package.**
- **Measure impact of ongoing and changed tax policies.**
- **Partner with others.**
- **Tell YOUR story!**

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