

Santorum's Gift

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Pennsylvania Sen. Rick Santorum is in a giving mood these days -- especially when it comes to the heavy hitters of the nonprofit sector.

The linchpin of Santorum's crusade is a charitable giving bill, aka the CARE Act, which would permit non-itemizing taxpayers to claim deductions for charitable contributions on their tax returns. Santorum may at last be on the brink of success, by slipping a temporary two-year version of it into the current \$70 billion tax cut bill, now in House-Senate conference negotiations.

But Santorum wants to give more. In the same tax bill are provisions that would whack at the ability of wealthy Americans to shield assets through charitable vehicles, such as donor advised funds -- i.e., investment accounts earmarked for future charitable donations but eligible to be claimed as tax breaks up front. Two weeks ago, Santorum's legislative counsel, Melanie Looney, sent an SOS e-mail to charities, asking for testimonials from donors that will help Santorum fight to kill the proposed curbs on instruments such as donor-advised funds.

According to Santorum's spokesman, Robert Traynham, the tax abuses can more effectively be addressed through "oversight, accountability and transparency," rather than through new legislative prohibitions that could reduce legitimate charitable activity.

Santorum's crusade is complicated, though, by his own failure to bring his personal charity, Operation Good Neighbor, into full compliance with tax law. Santorum did not register the nonprofit in its home state of Pennsylvania or elsewhere, even though Pennsylvania and most other states require charities to register where they solicit donations. The charity has spent 60 percent of its donations on travel and administrative overhead, including payments to people who also serve on Santorum's campaign staff.

"The irony is striking," says Rick Cohen, executive director of the National Committee for Responsive Philanthropy, an independent watchdog group that monitors the nonprofit sector. Santorum "says the sector can regulate itself," Cohen contends. "But his own charity was in violation of laws that are not being enforced."

Traynham denies that his office had issued a call to arms in the SOS memo: "The staff solicited thoughts and ideas from outside groups as we always do."

Usually, lobbyists come up to the Hill. But Santorum, in the thick of a tough battle against Democratic challenger Bob Casey Jr. to retain his seat in November, is actively recruiting lobbyists' input. "If he can get the CARE Act passed without regulations that the nonprofits want to avoid," Cohen says, "he will use that as part of his effort to chip away at Bob Casey's lead."

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