

Report: Leavitt Benefits From Foundation

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Health and Human Services Secretary Mike Leavitt and his relatives created a charitable foundation that allowed them to claim millions of dollars in tax deductions yet provided little to charity, according to The Washington Post.

The Internal Revenue Service has called the tax structure used to create the Leavitt foundation a Type III supporting organization, one of its "Dirty Dozen" tax scams. Christina Pearson, an HHS spokeswoman, said the foundation's activities are "totally legal and proper."

Much of the money from the foundation - set up in 2000 with nearly \$9 million from Leavitt family assets - went into investments or loans to the family's business interests and real estate holdings, the Post reported Friday.

The Leavitt organization donated less than 1 percent of its assets in 2002, 2003 and 2004, according to the Post. Standard private foundations are required to donate at least 5 percent of their assets to charitable causes, but the Leavitts set up their foundation under a provision of the federal tax code that allows a lower level of giving, the newspaper reported.

The Leavitt Foundation donated \$49,087 of its \$9 million trust, or 0.5 percent, in 2002 and \$52,312, or 0.6 percent, in 2003, the Post reported. Since 2000, Mike Leavitt alone has claimed about \$1.2 million in tax write-offs.

"They're basically sitting on all this money, getting a charitable write-off and doing nothing with it," said Rick Cohen, executive director of the National Committee for Responsive Philanthropy. Cohen reviewed the foundation's records and tax returns at the Post's request.

Congress is considering changing the tax structure under proposals by Senate Finance Committee Chairman Charles Grassley, R-Iowa.

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