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EOs Should Pay Attention to Tax Reform, Panel Says.

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Alexander L. Reid of Morgan, Lewis & Bockius LLP, moderating a program sponsored by the District of Columbia Bar Taxation Section's Exempt Organizations Committee, said that based on his recent conversation with a House Ways and Means Committee tax counsel, the exempt organizations portion of the tax reform bill being drafted by committee Chair Dave Camp, R-Mich., is significant and far-reaching. Topics that have been the subject of committee hearings in recent years — colleges and universities, political and lobbying activities, and commercial activities, among others — are areas that members have found interesting, Reid said, adding, "Anything that there has been a hearing on is on the table."

Reid also said that although committee members want to preserve the deduction for charitable contributions, "they also want to envision the [charitable] sector as it is today and maybe as it will be in the next five to 10 years."

Alan Lee, Ways and Means Democratic tax counsel, who spoke on his own behalf, said there are rumors that Camp is not committed to maintaining the charitable deduction in its current form, although that does not mean he wants to repeal it or cap it at 28 percent, as has been proposed before.

Camp, who had originally intended to introduce and have his committee mark up a tax reform bill by the end of 2013, told reporters December 4 that that won't be possible. (Related coverage .)

Lee said that while a bill next year is possible, it would be difficult to act on tax reform when there are so many budget issues to deal with. "Getting tax reform through the House, I think, is a very difficult prospect," Lee said. "Once members start realizing this is not just a rate reduction exercise and that this actually has real impacts because these are real policies, you're going to have a lot of members in the Republican caucus taking a step back and wanting to really take a closer look at the bill."

Alexander Brosseau, Democratic tax policy analyst for the Senate Budget Committee, said that for a tax reform bill to succeed, it would have to have bipartisan support. "Certainly, coming out of the House, it has to, so long as the Senate is controlled by Democrats and the White House [is] the same," he said.

by Fred Stokeld

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