



# TERRY KATSMMA

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**Date:** May 9th, 2017  
**To:** Assembly Committee on Ways and Means  
**From:** Representative Terry Katsma  
**Re:** Assembly Bill 176: Individual Retirement Account (IRA) charitable rollovers

Dear Chairman Macco and committee members,

Thank you for convening a hearing on Assembly Bill (AB) 176, a bill that aims to simplify tax filing and encourage charitable giving for certain owners of IRA retirement investments.

Typically, when the owner of an IRA retirement account reaches age 70½, that person is required to begin withdrawing money from the account each year. This is called a “required minimum distribution.”

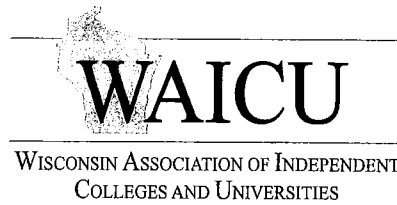
Some retirees prefer to donate some or all of this money to charity. At the federal level, since 2006, Congress has allowed these taxpayers—IRA retirement account owners who are age 70½ or older—to transfer up to \$100,000 per year directly from IRA accounts to qualifying charitable organizations. This way, the taxpayer does not need to report the distribution as taxable income and is not required to itemize deductions on his or her federal income tax return to “benefit” from making the gift. (Prior to 2006, taxpayers who wished to donate funds to charity from their IRA accounts first had to report the amount as taxable income, make the donation and then, if they wished, itemize a charitable deduction for the amount gifted.) Congress made the federal IRA charitable rollover provision permanent in late 2015, and it has proved very popular with taxpayers and has been very beneficial for charities.

However, no comparable rollover mechanism yet exists in Wisconsin state tax law. For state income tax purposes, a person who makes use of the federal charitable rollover provision still has to report the money as taxable income and then itemize the charitable gift. In some situations, Wisconsin’s requirement can result in state income tax liability and, regardless of liability, tax filing is complicated by the existence of two different rules.

AB 176 adopts the federal IRA charitable rollover provision into Wisconsin law. To qualify for tax-free treatment, the money must come from a traditional IRA or a Roth IRA and must be paid directly to a public charity that is not a supporting organization, donor-advised fund or private foundation. Other retirement plans such as 401(k) plans, 403(b) plans, pensions, etc. do not qualify for tax-free treatment. Donors are not allowed to receive anything of value in return for their charitable contributions; written receipts from the charities are required.

Thank you for your time and your consideration of AB 176.

ALVERNO COLLEGE  
BELLIN COLLEGE  
BELOIT COLLEGE  
CARDINAL STRITCH UNIVERSITY  
CARROLL UNIVERSITY  
CARTHAGE COLLEGE  
COLUMBIA COLLEGE OF NURSING  
CONCORDIA UNIVERSITY  
EDGEWOOD COLLEGE  
LAKELAND UNIVERSITY  
LAWRENCE UNIVERSITY  
MARIAN UNIVERSITY



WISCONSIN'S PRIVATE, NONPROFIT COLLEGES AND UNIVERSITIES  
WORKING TOGETHER FOR EDUCATIONAL OPPORTUNITY

MARQUETTE UNIVERSITY  
MEDICAL COLLEGE OF WISCONSIN  
MILWAUKEE INSTITUTE OF ART & DESIGN  
MILWAUKEE SCHOOL OF ENGINEERING  
MOUNT MARY UNIVERSITY  
NASHOTAH HOUSE  
NORTHLAND COLLEGE  
RIFON COLLEGE  
ST. NORBERT COLLEGE  
SILVER LAKE COLLEGE  
VITERBO UNIVERSITY  
WISCONSIN LUTHERAN COLLEGE

**Date:** Tuesday, May 9, 2017

**To:** Members, Assembly Committee on Ways and Means

**From:** Rolf Wegenke, Ph.D. President, WAICU

**Subject:** Support for Assembly Bill 176, Individual Retirement Account (IRA) charitable rollovers

The Wisconsin Association of Independent Colleges and Universities (WAICU) is the official organization of the twenty-four independent private, nonprofit institutions of higher learning in Wisconsin and their almost 58,000 students – over 60 percent of whom are from Wisconsin.

Private colleges and universities receive no direct operating support from taxpayers and rely strongly on private philanthropy to grow student financial aid and moderate tuition increases. Without significant charitable contributions, WAICU members could not maintain their core missions. WAICU's priority is expanding educational opportunity, particularly for low income students. The IRA charitable rollover is a vital fundraising tool for private colleges and universities.

WAICU long supported efforts in Congress to make permanent the IRA charitable rollover, and we support this legislation to adopt the federal IRA charitable rollover provision into Wisconsin law.



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FOR HEALTHY LIVING  
FOR SOCIAL RESPONSIBILITY**

TO: Members of the Assembly Committee on Ways and Means  
FROM: Steve Elliott, Executive Director  
DATE: May 9, 2017  
SUBJECT: Support for AB 176

Dear Chairman Macco and members of the Committee:

The Wisconsin Alliance of YMCAs and our 31 member Ys support AB 176. By mirroring federal law, AB 176 will create consistency for our donors and members.

The services and programs that our Ys provide rely upon the charitable contributions of our donors. Last year Ys operating in Wisconsin received over \$44 million in donations or other charitable contributions that allowed our associations to provide services to nearly 500,000 Wisconsinites. By providing more incentivized avenues for giving, we hope that we can continue to grow and extend our reach. That reach provides families with opportunities for physical activity, children with safe places to play and learn, and programs that serve cancer survivors and other individuals deal with chronic disease and illness.

Charitable organizations like the Y are able to leverage the dollars that we are fortunate to receive through the services and government funding by working with individuals, businesses, and foundations. The changes to tax law created by AB 176 will provide our individual donors with another vehicle for tax-free charitable giving.

We appreciate your consideration of this measure.

**WISCONSIN ALLIANCE OF YMCAs**  
711 Cottage Grove Road  
Madison, WI 53716  
608 664 9622  
ymcawi.org

# OUR STRENGTH IS IN COMMUNITY

**THE Y IS UNIQUE.** With 31 ASSOCIATIONS signifying 69 YMCA LOCATIONS throughout Wisconsin, we have the presence and partnerships to not just promise but deliver positive change.

**THE Y IS COMMUNITY CENTERED.** For nearly 150 YEARS, we have been listening and responding to the changing needs of our communities.

**THE Y BRINGS PEOPLE TOGETHER.** We served more than 495,922 PEOPLE and 131,095 PROGRAM PARTICIPANTS in diverse communities throughout the state. From infants to active older adults, we connect people of all ages and backgrounds to bridge the gaps in community need.

**THE Y NURTURES POTENTIAL.** We believe that everyone should have the opportunity to learn, grow, and thrive. We provided \$9,668,920 IN FINANCIAL ASSISTANCE, making programs affordable and/or possible for people throughout Wisconsin.

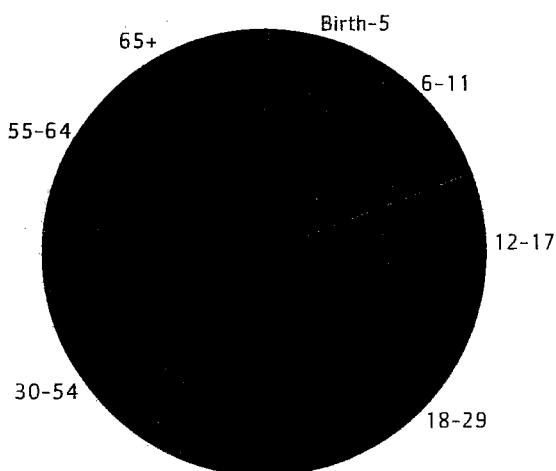


**THE Y HAS LOCAL PRESENCE AND GLOBAL REACH.** We mobilize our local communities to effect lasting and meaningful change by education and training through our innovative programs.

**THE Y BUILDS PEOPLE.** Collectively, our staff, along with 20,622 VOLUNTEERS, are united by a deep commitment to strengthening our communities.



Wisconsin YMCA constituents by age group



## CONTACT US

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**Wisconsin Alliance of YMCAs**  
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# MAKING A DIFFERENCE IN OUR COMMUNITIES

## 2016 Statewide Community Benefit Report

### WISCONSIN ALLIANCE OF YMCAS

#### OUR CAUSE DEFINES WHO WE ARE

The YMCAs of Wisconsin understand that lasting personal and social change comes about when we all work together. We are driven by our cause to strengthen communities statewide. Every day, we work side-by-side with our neighbors to ensure that everyone, regardless of age, income, or background has the opportunity to learn, grow, and thrive.

#### OUR IMPACT IS FELT EVERY DAY

**495,922** Wisconsinites belong to the Y. From the Mississippi River to the shores of Lake Michigan, the Y offers programs and services to meet the needs of our communities.

**234,585** children under the age of 18 are members of the Y.

Wisconsin YMCAs provide over **\$9.6** million in direct financial assistance to those in need. These resources help ensure that, regardless of income, children and families have opportunities to be active and stay healthy.

As a charitable organization, the Y received **\$44,507,208** in contributions from donors and foundations, and **\$2,863,209** in support from the government.

We have the community's trust to convene, partner, and support collaborations with schools, government, faith-based organizations, businesses, and others. In fact, Wisconsin YMCAs reported **1,048** collaborations across Wisconsin communities.

## WHY THE Y IS DIFFERENT THE Y IS FOR...

Every day our impact is felt when an individual makes a healthy choice, when a mentor inspires a child, and when a community comes together for the common good.

### Youth Development

YMCAs provide children under age six with critical early learning and school age kids with safe, dependable places to grow before and after school. Our early childhood and after school programs are crucial supports for working parents and ensure that our children are classroom ready.



The YMCAs of Wisconsin support thousands of children in our school age programs, offering families the peace of mind they need.

### Healthy Living

The Y provides a supportive environment for families of all backgrounds, ages, and abilities where people can meet their health and well-being goals through exercise, nutrition, and chronic disease programs like our Diabetes Prevention Program, **LIVESTRONG** and youth swim safe programs.



Our Ys offer programs to youth and adults that empower them to become their best selves by offering instruction and support.

### Social Responsibility

Part of the Y mission is to give back to our communities and help everyone, regardless of income, be a member of the YMCA family. From the volunteers who give their time and energy to support our mission to the amount of scholarship we give to families who cannot afford a membership, we strive to fulfill our responsibility to our communities every day.



At the Y, we believe in membership for all. That is why we provide financial assistance to community members in need.



**Be The Difference.**

Testimony of Mary Czech-Mrochinski on Behalf of Marquette University  
in Support of Assembly Bill 176  
Assembly Committee on Ways and Means  
May 9, 2017

Good morning, Chairman Macco and Members of the Committee. My name is Mary Czech-Mrochinski, thank you for allowing me to testify today in favor of Assembly Bill 176 on behalf of Marquette University.

The federal government has made the Charitable IRA permanent allowing an individual who is 70 ½ or older to roll over up to \$100,000 from an individual retirement account to a qualified charitable organization, such as Marquette University. This type of gift counts against an individual's required minimum distribution for the year, as well as reducing their taxable income, even if they do not itemize deductions. Such donations are incredibly helpful to qualified charitable organizations while at the same time providing the donor with a tax benefit. Since 2011, over 150 individuals from Wisconsin have used the Charitable IRA provision to give to Marquette. Next year, Marquette will be providing over \$140 million in institutional financial aid to its students and gifts, such as those provided through the Charitable IRA rollover, help Marquette provide support the mission of educating students.

On behalf of Marquette University, I would respectfully request your support for Assembly Bill 176, which adopts, for state income and franchise purposes, the federal provision allowing an individual to make tax-free distributions to a qualified charitable organization.

Thank you again for allowing me to testify. I would be happy to answer any questions at this time.

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Date: May 9, 2017

To: Assembly Ways and Means Committee

From: Edward J. Ritger, "Country Lawyer" and Tax Preparer

Re: Support for IRA Charitable Rollovers

1. This proposal is also important to lower income taxpayers
  - (a) many cannot deduct charitable contributions due to high standard deduction
    - for 2017 married couples over 65 = \$15,200
    - consists of state and local tax, home mortgage interest and charitable contributions
  - (b) many pay extra tax on Social Security benefits
    - if other income is less than \$44,000, some Social Security is tax free
2. This proposal will be more important under Trump tax plan
  - (a) raises standard deductions to \$24,000
  - (b) eliminates itemized deductions for state and local taxes
3. This proposal would simplify taxes and promote better financial planning
  - (a) IRA rollovers to charity are very underutilized
  - (b) we need to encourage more private savings
  - (c) IRAs can save taxes for small business people, farmers and other individuals
4. This proposal would promote charitable giving which in turn would produce many public benefits
  - (a) America has many generous people-we need to maintain and promote a giving culture
  - (b) giving pretax expands the ability to give
  - (c) charitable giving reduces the need for government programs

**Thank you for your consideration!**



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Assembly Committee on Ways and Means  
Testimony on Assembly Bill 176  
Rev. Kurt Lueneburg, Director of Christian Giving, Wisconsin Evangelical Lutheran Synod (WELS)

Chairman Macco and members of the Assembly Committee on Ways and Means,

Thank you for this opportunity to provide informational testimony today on Assembly Bill 176 regarding IRA charitable rollovers. I am Pastor Kurt Lueneburg, director of Christian Giving at the Wisconsin Evangelical Lutheran Synod.

The Wisconsin Evangelical Lutheran Synod (WELS) is the third largest Lutheran denomination in the United States with a membership of 364,000. Our headquarters is located in Waukesha. In the state of Wisconsin, we have 414 churches with 187,366 members. We also serve 22,545 children through 10 high schools, 139 elementary schools, and 164 early childhood centers across the state. In Wisconsin, we employ nearly 2,000 pastors, teachers, and other workers trained through our church body along with other staff members.

My job as director of Christian Giving is to help ensure the ministry efforts of WELS are adequately funded. One way members of our church body fund our work is through planned gifts, and one of the more popular giving options in recent years has been the federal IRA rollover provision known as the qualified charitable distribution. The qualified charitable distribution allows anyone 70.5 or older to make distributions of up to \$100,000 each year to charity from their IRA. These distributions are tax-free at the federal level. Assembly Bill 176 would also make these distributions tax-free in Wisconsin.

Since 2007, members of our church body who live in Wisconsin have made over \$1.8 million in qualified charitable distributions to support our church body's efforts to strengthen churches and schools that serve communities through spiritual enrichment, Christian education, counseling, humanitarian aid, and disaster relief. Year over year giving since 2007 shows a trend of growing interest in qualified charitable distributions and the initiatives they support.

At the same time, we've noticed some confusion among donors that the tax-free component of the IRA rollover provision applies only at the federal level and not in our state. We've heard donors mention it would be nice if Wisconsin allowed tax-free distributions as well. Thus, this bill has the potential to minimize donor confusion and to increase the positive impact on Wisconsin charities that we've been seeing in our denomination thanks to the federal law.

I hope this has provided helpful insight on the effect of the qualified charitable distribution law on our church body. Thank you for welcoming these comments for information only. God bless Wisconsin and your daily service to the residents of our state!



Testimony In Support of Assembly Bill 176 to Federalize Treatment of IRA  
Distributions to Charity for Tax Payers Age 70 ½ or Older      May, 9, 2017

Thank you for this opportunity to give testimony in favor of this proposed legislation to simplify Wisconsin Income Taxes, at least a little; that will make WI more attractive to retirees; and that will be beneficial to a wide range of charitable organizations and churches.

First, as a WI taxpayer and as one who once worked part-time as a tax preparer, you, as well as I, know that preparation of WI income tax forms is unduly complicated and deserves to be greatly simplified. It should not be necessary for the average WI resident to have to hire a professional tax preparer to figure out how much tax to pay and how to do that without getting into trouble with the Department of Revenue. Although “federalization” of the treatment of IRA distributions direct to charity is not a monumental step toward simplification of WI income tax presentation, it is at least a start, and as they say, you have to start somewhere. Please consider this a first step toward overall simplification of the Wisconsin’s income tax return process.

I also speak as a retired financial advisor having worked 19 years in that capacity here in WI until March, 2015. In that regard, I had first hand financial experience with clients who were residents in a wide variety of states from coast to coast and from border to border as well as those who were WI residents, several of whom retired here and then relocated to states with lower taxes. As evidenced by a wide range of surveys, and as personally observed as a financial advisor, WI is not tax friendly for retirees. Steps should be taken to make WI more attractive to retirees so that more of them remain in WI when retired. In that regard, the “federalization” of treatment of IRA distributions to qualified charities will be a step in that regard and accordingly, I urge you to support this legislation.

I also speak as one who has had broad experience with not-for-profit charitable organizations having been employed as a financial administrator for almost 35 years by two colleges and a large museum. Currently I am serving as a volunteer board member for three other organizations, two of which are almost totally dependent on charitable contributions. All of these organizations, like the thousands of other such organizations and churches in this country are performing very important and valuable services to the society in which we live.

Their ability to serve in a variety of ways is largely dependent on contributions and this Bill, if adopted, will give them another helpful tool in their quest for charitable support.

In summary, I think it is fair to say, approval of this legislation would result in a win, win, win situation. A win for retirees via simplification of tax preparation and a lowering of taxable income and the consequent savings in income taxes; a win for the State of WI by making WI more tax friendly for retirees and thereby in a better position to retain retirees as residents and tax payers; and a win for charities in that it gives them another tool to use in their effort to attract charitable support.

Please support this legislation and encourage your colleagues to do like wise.

Thank you for allowing me to speak to you.

Glenn Lemmenes

Town of Lima, Sheboygan County