

June 26, 2020

The Honorable Hannah-Beth Jackson
Chair, Senate Committee on Judiciary
State Capitol, Room 2187
Sacramento, CA 95814

RE: Assembly Bill 2936 (Wicks) Donor Advised Funds - SPONSOR

Dear Chair Jackson,

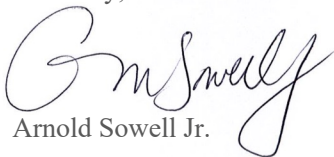
NextGen California is a co-sponsor of AB 2936 (Wicks), which will require the California Attorney General to establish a classification for sponsoring organizations that maintain one or more donor-advised funds (DAFs). The bill also affirms the authority of the California Attorney General to require reports from DAF sponsoring organizations.

Donor advised funds are a rapidly growing tax deduction method used by philanthropic donors to make charitable gifts. DAF sponsoring organizations affiliated with large Wall Street financial firms are now among the largest recipients of all charitable giving in the United States. Each year, California forgoes a conservatively estimated \$340 million in General Fund revenue to provide charitable tax deductions for DAF contributions. While DAF contributors can take an immediate tax deduction, DAF administrators can hold these funds indefinitely. Under existing California law, there is little scrutiny and no requirement whatsoever that these funds ever reach working charitable organizations.

Nationwide estimates suggest that more than \$120 billion are currently sitting in DAFs. With California's nonprofits financially strained to meet a surging demand for services in the midst of the COVID-19 pandemic and the Legislature searching for revenue to avert devastating cuts, additional accountability for DAFs has never been more crucial than it is now.

NextGen supports policies that increase opportunity and prosperity for all Californians. AB 2936 is an important first step to increase DAF accountability. For the above reasons we respectfully request your "aye" vote on AB 2936.

Sincerely,



Arnold Sowell Jr.

Executive Director, NextGen California