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MEMORANDUM

To: Reporters and Editors
Re: Mileage deduction for charitable purposes
Da: Tuesday, Sept. 2, 2008

Sen. Chuck Grassley, ranking member of the Committee on Finance, today announced he will support legislation to update the deductible cost of operating a vehicle for charitable purposes. The Internal Revenue Service (IRS) has the authority to change the standard mileage rates for computing the deductible costs of operating an automobile for business, medical, or moving expenses. However, the agency does not have the authority to change the mileage rate for calculating the deductible cost of operating a vehicle for charitable purposes. Grassley plans to co-sponsor the *Fair Deal for Volunteers Act of 2008* (S. 3246), introduced by Sens. Benjamin Cardin, Barbara Mikulski and Olympia Snowe. Pending in the Finance Committee, the bill restores to the IRS the ability to set the mileage rate for charitable purposes. The IRS had this discretion prior to the Deficit Reduction Act of 1984, when the charitable mileage reimbursement rate became fixed in statute. Grassley made the following comment on his support of the legislation.

“People who volunteer for charity aren’t out to make money, but they shouldn’t lose a lot of money in the process. Driving a car is more expensive than ever, and driving is critical to a lot of volunteer activities. With high gas prices, some people might decide they can’t afford to deliver meals to the homebound. It makes sense to give the IRS the flexibility to set mileage rates for charity work. The IRS already has the authority to set mileage rates for business, medical, or moving expenses. This legislation will encourage volunteering and streamline this piece of tax administration for taxpayers. It also makes sense to allow charities to reimburse volunteers at the same rate as business expenses without creating taxable income for volunteers. I encourage my colleagues to consider adding this provision to the bill.”

Following is information on the *Fair Deal for Volunteers Act* (S. 3246).

Sponsor: Sen Cardin, Benjamin L. [D-MD] (introduced 7/10/2008) Cosponsors: 4
Committees: Senate Finance

Related Bills: H.R.2020, H.R.6283, H.R.6368, S.1220, S.3032, S.3421, S.3429

Latest Major Action: 7/10/2008 Referred to Senate committee. Status: Read twice and referred to the Committee on Finance.

COSPONSORS, ALPHABETICAL [* = original cosponsor]:

Sen Cantwell, Maria [D-WA] - 7/31/2008, Sen Leahy, Patrick J. [D-VT] - 7/31/2008, Sen Mikulski, Barbara A. [D-MD] - 7/10/2008 *, Sen Snowe, Olympia J. [R-ME] - 7/10/2008 *

By Mr. CARDIN (for himself, Ms. SNOWE, and Ms. MIKULSKI):

S. 3246. A bill to amend the Internal Revenue Code of 1986 to allow the Secretary of the Treasury to set the standard mileage rate for use of a passenger automobile for purposes of the charitable contributions deduction; to the Committee on Finance.

Mr. CARDIN. Mr. President, I rise today to introduce a bill, the Fair Deal for Volunteers Act. In today's economic climate, Americans need relief from sky-rocketing oil and gas prices. This applies to everyone, including people who engage in much-needed volunteer work. My bill will provide immediate relief for volunteers serving our elderly, poor, frail, and at-risk Americans. It gives the Internal Revenue Service authority to change the mileage rate--currently set by statute at 14 cents per mile--for calculating the deductible cost of operating a vehicle for charitable purposes. We can't let an out-of-date mileage rate exacerbate the pinch at the pump for volunteers who selflessly provide so many vital goods and services in every community across America. I'm pleased that the senior Senator from Maine, Senator *Snowe*, and my colleague, the senior Senator from Maryland, Senator *Mikulski*, are original cosponsors of this bill and I thank them for their support.

The Internal Revenue Code does not fix a rate for individuals who are required to use their own vehicle for work, or for individuals taking a mileage deduction for moving purposes. The IRS is able to increase the deduction amount for these purposes to reflect the current economic climate and dramatically higher fuel prices. This is exactly what the IRS recently did.

As of July, the IRS modified the standard mileage rates for computing the deductible costs of operating an automobile for business, medical, or moving expenses. The revised standard mileage rate for business purposes increased from 50.5 cents per mile to 58.5 cents. For medical and moving expenses, the IRS increased the rate from 19 cents per mile to 27 cents per mile. I think the Nation's volunteers who travel on behalf of charitable organizations deserve an increase in their mileage rate, too.

My bill gives the IRS flexibility in setting the rate so that volunteers for charitable organizations could be given the same tax benefit accruing for moving, medical, and business expenses. In today's climate of increasing food and fuel prices, this bill will help relieve some of the pressure on charitable organizations and their volunteers.

Take Meals on Wheels, for example. This organization delivers nutritious meals and other nutrition services to men and women who are elderly, homebound, disabled, frail, or otherwise at-risk. The services Meals on Wheels provides significantly improve the recipients' quality of life and health, and often help to postpone institutionalization.

Over the past year, there has been nearly a 20 percent increase in fuel and food prices, coupled with reduced government funding and fewer donations across the country. Nearly 60 percent of the estimated 5,000 programs that operate under the auspices of the Meals on Wheels Association of America have lost volunteers, in large part because it is too expensive for the volunteers to drive back and forth. Nearly half the programs have eliminated routes or consolidated meal services. About 38 percent of the programs have switched to delivering frozen meals, and about 30 percent are cutting personal visits from 5 days a week to one.

In Maryland, the Central Maryland Meals on Wheels has experienced an increase of 7 percent in food costs and suppliers are charging higher delivery fees. The cost to fill up the vans with gas has increased. Fuel costs averaged \$72,538.70 in fiscal year 2007; this year, the costs have jumped to \$86,790.63. This is an organization with volunteers serving over 3,100 elderly, disabled, frail and at-risk Marylanders. Its volunteers deserve relief from high gas prices just as much as people who use their car for work or for medical purposes or for moving.

Throughout the United States, Meals on Wheels served over 3 million people and more than 250 million meals in fiscal year 2006. This is just one of thousands of charitable organizations. We need to encourage and support the Meals on Wheels volunteers and all other volunteers who need their cars to help their neighbors and communities. The Fair Deal for Volunteers Act will do just that, and I hope my colleagues will support it.

Mr. President, I ask unanimous consent that the text of the bill be printed in the **RECORD**.

There being no objection, the text of the bill was ordered to be printed in the **RECORD**, as follows:

S. 3246

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ``Fair Deal for Volunteers Act of 2008''.

SEC. 2. DETERMINATION OF STANDARD MILEAGE RATE FOR CHARITABLE CONTRIBUTIONS DEDUCTION.

(a) *In General.*--Subsection (i) of section 170 of the Internal Revenue Code of 1986 (relating to standard mileage rate for use of passenger automobile) is amended to read as follows:

``(i) *Standard Mileage Rate for Use of Passenger Automobile.*--For purposes of computing the deduction under this section for use of a passenger automobile, the standard mileage rate shall be the rate determined by the Secretary.".

(b) *Effective Date.*--The amendment made by this section shall apply to miles traveled after the date of the enactment of this Act.