

# The Pennsylvania Association of Nonprofit Organizations

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## **MAJOR DEVELOPMENT ON THE VOLUNTEER MILEAGE RATE ISSUE:**

*(1/29/09) US Senator Grassley wins key commitment from his Senate colleagues to work to fix the volunteer mileage reimbursement and deduction rate via the economic stimulus bill.*

On Monday (1/26/09), you received my email alerting you to an expected proposal by US Senator Charles Grassley (R-IA) to raise the volunteer mileage rate to 24 cents per mile. At Tuesday's (1/27/09) Senate Finance Committee mark-up, Senators Grassley (R-IA) and Schumer (D-NY) planned to offer that amendment into the new **Giving Incentives to Volunteers Everywhere (GIVE) Act** (S.243). The proposal would have raised the volunteer mileage rate to "**at least 24 cents per mile**" and exempt from taxable income mileage reimbursements up to the business rate (currently 55 cents/mile). But 24 cents is not enough to make a difference. Charities that rely on volunteers to drive their own vehicles would remain vulnerable to gas price fluctuations. At that time, it was unclear whether the amendment would be accepted by Chairman Baucus (D-MT) or whether it will be voted on by the members of the Committee. Grassley withdrew the amendment after receiving a commitment from other senators, including Sen. Max Baucus, chairman, to address the mileage rate in the Stimulus Package when it reaches the Senate floor next week.

The volunteer mileage rate is the rate that volunteers can deduct from person income taxes for mileage driven in charitable service. This rate remains fixed by law at 14 cents per mile, and has not increased in over ten years. By contrast, the standard business mileage rate varies periodically at the discretion of the IRS. For the many volunteers who use their personal vehicle, 14 cents no longer reflects the true cost of driving. Instead, this antiquated law, jeopardizes charities that rely on volunteer drivers, imposes hardship on volunteers from rural America, and treats our volunteers as second class citizens. On January 8, 2009, Congressman Todd Platts (R-PA-19) reintroduced legislation (H.R.345) to raise the volunteer mileage rate to 100% of the standard businesses mileage rate (currently 55 cents/mile). In 2008, PANO worked closely with Congressman Platts and Senator Casey to move this issue forward. And move this issue forward we did.

PANO spearheaded the nationwide effort to raise the volunteer mileage rate. In a matter of months, we changed the public dialogue and elevated this issue to the national agenda. The National Council of Nonprofits (NCN, formerly NCNA) described our effort as follows: *"A state association saw this national volunteer crisis brewing and got others involved in the struggle to fix it. Initial leadership on this issue by the Pennsylvania Association of Nonprofit Organizations (PANO) persuaded our national organization – the National Council of Nonprofit Associations – to become deeply involved, which in turn led to 40 state associations and hundreds of other nonprofits across America – from AARP and the American Red Cross to Independent Sector and United Way of America – joining forces, all in less than six weeks. The state association network rallied quickly to support PANO and NCNA, not only speaking out officially by signing onto a joint endorsement letter, but also by rallying hundreds of our members across the nation to join that endorsement letter."* Our work helped thousands of nonprofits across the country find their voice, and demonstrated the value of our national network of State Associations.

PANO supports raising the volunteer mileage rate to 100% of the standard business rate. In 2008 we supported Platts' H.R.2020 and Senator Casey's The Charitable Mileage Deduction Equity Act, S.3421. Platts' new bill H.R.345 is virtually identical to them. But if Grassley's proposal shifting discretion to the IRS is included in the Stimulus Package, then it is likely to pass. The new volunteer rate would become variable at the discretion of the IRS. The IRS will probably raise the volunteer rate to the moving rate (which is currently 24 cents). While this is a far cry from 100% of the business rate, we can work with the IRS later to ensure that the new volunteer rate is close enough to the business rate to make a difference.

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