July 9, 2020

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

*Submitted via electronic mail*

**RE: Assembly Bill 2936 (Wicks) - Supervision of Trustees and Fundraisers for Charitable Purposes Act - SUPPORT**

Dear Chairperson Jackson,

The Office of Kat Taylor is a co-sponsor of AB 2936 (Wicks), which would require the Attorney General to establish a classification for sponsoring organizations that maintain one or more donor-advised funds (DAFs). Given the diversity of DAFs, a classification system will ensure that the Attorney General is able to receive timely and insightful reports on the administration of these funds.

Given the unprecedented levels of need throughout California as communities and businesses struggle with the economic consequences of the COVID-19 pandemic, additional information about the role DAFs play in the philanthropic response could help inform recovery efforts, and address the scale of need. The Attorney General, with primary responsibility for supervising charitable trusts in California, is ideally situated to gather this information.

Donor-advised funds are a rapidly growing tool used by philanthropic donors to facilitate charitable gifts. However, the unprecedented COVID-19 pandemic has incurred increased scrutiny upon DAFs, which in the aggregate keep a vast majority of their collective $120 billion in tax-deferred assets inactive, not being distributed to charities. DAFs reduce government tax proceeds, and divert funding from traditional charitable organizations, many of which are struggling currently and at risk of closing their doors. DAF tax deferrals result in an estimated loss of public tax revenue of roughly $340 million each year in California.

As a long-time DAF holder and impact investor, I share the concerns that DAFs are not releasing funds in a way that responds to the true scale of this crisis, and the potential economic repercussions because they have virtually no accountability regarding the release of funds. DAFs are not required to grant their tax-deferred funds to charity, ever. This lack of scaled response is evidenced most clearly by the Fidelity Charitable Gift Fund, the nation's largest DAF, touting their $236 million in grants for COVID-19 response. $236 million is roughly 0.74% of Fidelity Charitable total assets.

AB 2936 will provide the Attorney General with the necessary tools to better understand how DAFs are being used and the impact of these entities on charitable giving more broadly. For the aforementioned reasons, I respectfully request your support for AB 2936. Thank you for the opportunity to provide meaningful input to the Senate’s policy deliberations.

Respectfully,

Kat Taylor

Kat Taylor, Principal
Office of Kat Taylor