

Tax Code Should More Fairly Reimburse Volunteers

By Tom Petri

Last month President Obama invited former President George H.W. Bush to the White House to honor the organization he helped create, Points of Light, for its extraordinary efforts to promote volunteerism and community involvement.

President Bush deserves such recognition, but it's unfortunate that our tax system doesn't fairly recognize some of the contributions of volunteers he inspired.

When volunteers use their own cars to deliver food or provide shuttle service for ailing elderly persons, they often get reimbursed for the cost by a charity. But if they were to be reimbursed at the federal rate of 56.5 cents a mile, they could receive an unpleasant surprise at tax time.

Under current law, volunteer drivers may only receive up to 14 cents a mile before additional reimbursement is considered income and taxed along with their wages and salaries. On the other hand, drivers that are reimbursed by an employer can be reimbursed up to the full federal amount without incurring any additional tax liability.

Such treatment discourages volunteers from driving. It's a double standard that doesn't make sense and isn't fair. And it can have a real effect on the amount of time and money volunteers are willing to offer. As far as I can tell, this distinction is unintended, but that should only increase the urgency of correcting a terrible mistake.

To put this in perspective, consider this scenario. A volunteer drives 4,000 miles and is reimbursed at the federal standard of 56.5 cents a mile, which would be \$2,260. But when it comes time to file her taxes, the federal tax code exempts only \$560. That means that the volunteer's taxable income went up by \$1,700. However, if the volunteer were reimbursed by an employer for the same mileage, she would face no additional tax at all.

Most Americans give their time and money out of altruism, but right now the tax code sends the message that such behavior is valued less than similar activity on the job.

It doesn't make any sense to encourage cash gifts with a tax break but provide a disincentive to volunteers who make deliveries for their local Meals on Wheels affiliates.

Other volunteers may be transporting cancer patients to treatment at hospitals or cancer centers far from home. In winter, volunteers with four-wheel-drive vehicles often transport health-care professionals to their places of employment, thus ensuring that the capacity of our health-care system is not diminished by ice-covered roads.

It's time to end the disparity, so I hope nonprofits will urge their members of Congress to join me in supporting the Charitable Driving Tax Relief Act, a measure I introduced to correct this inequity and offer America's volunteers the same tax treatment as any other drivers reimbursed for using personal cars or trucks.

The bill would help charities in a significant way: It would drop the requirement that charitable groups report these reimbursements to the IRS, removing an administrative and paperwork burden that often distracts them from carrying out their missions.

To be sure, volunteering is a private activity: caring individuals spending their free hours supporting a cause in which they believe or helping neighbors in need. But today, little activity is totally isolated from the impact of government, and the tax treatment of reimbursements received by volunteers who drive their cars offers a fine example of poorly-conceived government policy having an adverse effect on the better instincts of the American people.

With talk of a comprehensive tax overhaul in the air, many people in the nonprofit world have raised concerns about the deductibility of charitable donations, both cash and contributions of products. That discussion is critical, but we should also take this opportunity to consider tax changes that promote volunteerism.

Removing the disparity in the way we tax business reimbursements and those received by volunteers would show community-minded individuals that their service is important and encourage their continued efforts at making this world a better place.

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