



December 14, 2015

Internal Revenue Service
CC:PA:LPD:PR (REG-138344-13), Room 5203
POB 7604
Ben Franklin Station
Washington, DC 20044

Please accept the following comments from the Association of Art Museum Directors, the membership of which includes the directors of 220 major art museums in the United States. We do not support the proposal to implement an alternative system for substantiating gifts, even on an optional basis, for the following reasons:

- * A charitable organization should not ask a donor for his or her Social Security Number (SSN). In fact, existing Internal Revenue Service (IRS) guidance is that that taxpayers should only provide SSN's to anyone when "absolutely necessary."
- * The request for SSN's could negatively impact contributions as donors may be unwilling to provide such information. It would also change the nature of the charitable transaction, transforming a donor-donee relationship into a regulatory one.
- * The existing "contemporaneous written acknowledgement" system for substantiating donations is working. Since the proposed regulation is optional, some charitable organizations may implement and some may not, leading to confusion for donors as well as inconsistency among charitable organizations. Increasing the confusion, donors who give to multiple charities would have to track which charity follows which system.
- * The proposed voluntary regulations might ultimately become mandatory. Indeed, that would probably be the only way to eliminate the confusion mentioned above.
- * Comments already filed indicate that many commenters mistakenly believe that the IRS proposes to make the system mandatory.
- * While large art museums may have appropriate access and data controls, collecting and storing SSN's inherently increases the risk of fraud and identity theft, especially given that the donor lists of high profile institutions would be tempting targets. We note that the IRS was dissuaded on similar grounds several years ago from requiring that charities disclose the home addresses of board members on their Form 990's.



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* Smaller institutions, on the other hand, would be unable to bear the cost and administrative burden of implementing the proposed system. As one director wrote:

We consistently carry out proper financial controls, but we are not equipped for serving as a financial institution with software to maintain social security numbers. While we carefully acknowledge and account for all donations, we do not track them in this way as the IRS wants them reported. With increased security considerations, due to holding social security numbers, compiling and completing the reports for the IRS for thousands of donors, sending a copy of the IRS form to each donor, dealing with the return of these forms because of one-time donations or donors who have moved, additional software or programming would be required as well as additional staffing, both of which would be too costly for the museum to opt in.

* The December 1, 2015 issue of the Chronicle of Philanthropy reports a state official as saying "As a regulator, I would look at that as a breach of fiduciary duty," meaning that collecting SSN's and then suffering a hack would be grounds for trustee/board member liability. This could dissuade people from volunteering to serve on boards.

In sum, we see no reason to implement the proposal. It would cost charities both by imposing an administrative burden and by depressing donations, without, as far as we can see, offering any benefits – certainly not to charities – in return.

Please contact Andrew Finch in our Washington office at 202-638-4530 afinch@aamd.org if you have questions or need more information.

Sincerely,

A handwritten signature in cursive script that reads "Christine Anagnos".

Christine Anagnos
Executive Director