

thought-provoking and helped the participants to clarify their thinking on some of the issues involved

in the many possible future directions for library reference services. ■ ■

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# The Tax Reform Act of 1984 and American research libraries

By the Ad Hoc RBMS Legislative Information Committee

Timothy Murray, compiler  
University of Delaware

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## *Have the new regulations had an impact?*

The Tax Reform Act of 1984 placed potential new burdens on donors and libraries in the administration of noncash gifts. Since January 1, 1985, the Internal Revenue Service requires donors to maintain detailed records concerning all gifts of property, other than cash and publicly traded securities, with a value greater than \$500 for which they claim a tax deduction. In addition, the regulations mandate specific institutional reporting procedures for gifts of property with values greater than \$5,000. Donors must also total the value of smaller gifts of similar property to more than one institution and if the aggregate is greater than \$5,000, the new reporting rules, for donor and donee, will apply. Finally, the regulations have placed the appraisal process under greater scrutiny.<sup>1</sup>

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<sup>1</sup>The text of the law can be found in *Deficit Reduction Act of 1984*. Division A: Tax Reform Act of 1984. House of Representatives Report #98-861, 98th Congress, 2nd Session (1984), pp. 206-11. Temporary implementation rules and regulations appear in *Federal Register* 49, no.252 (December 31, 1984). In 1988, the temporary status of the new regulations was removed and the final implementation rules and regulations are printed in *Federal Register* 53, no.87 (May 5, 1988).

The relevant forms used for the new reporting procedures are Forms 8283 and 8282. Form 8283,

Following the Tax Reform Act of 1969, which eliminated tax deductions based on the donation of cultural and historical documents to non-profit institutions by their creators, research libraries reported significant declines in such donations directly resulting from new regulations mandated in that act.<sup>2</sup> Since the 1984 regulations also defined and mandated a series of new documentation and

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Section B is the appraisal summary which is completed by the donee and a qualified appraiser for gifts of property with an appraised value in excess of \$5,000. Form 8282 must be completed by a donee to report the disposal of any donated property, for which a form 8283 was completed, within two years of its original receipt. Under the initial regulations, the donee was required to complete Form 8282 for all such disposals. The final regulations have modified this requirement and the revised instructions for Form 8283 include the following note: "an exception applies to items having a value of \$500 or less which are part of a group of similar items contributed. For these items a donee organization does not have to file Form 8282 if the donor completed and signed the statement in Part II (Section B) of Form 8283."

<sup>2</sup>Norman E. Tanis and Cindy Ventuleth report the continuing effects of the 1969 legislation in "The Decline in Donations? Effects of the Tax Reform Act of 1969," *Library Journal* 111, no.11 (June 15, 1986): 41-44.



reporting procedures which directly affect the operations of American research libraries, the Ad Hoc Legislative Information Committee of ACRL's Rare Books and Manuscripts Section undertook to examine the effects of the 1984 Tax Reform Act upon American libraries.

In May 1987 the Committee distributed a questionnaire, "Federal Tax Regulations and Noncash Gifts to Libraries," to seventy-five librarians representing various types of institutions, including university and public libraries, museums, historical societies, and private research libraries.

The survey focused on three fundamental topics: a) institutional response to the change in the tax law; b) donor relations and noncash gifts policy and procedures; c) appraisal policy and procedures. The survey yielded thirty-five responses or 47% of the surveyed librarians. Following is a summary of the results.

### **Institutional response**

Institutional response to the new legislation was split roughly in half: eighteen (51%) of the surveyed librarians reported that their institutions tried to prepare library staff for the changes and seventeen (49%) indicated they had received no such preparation. Preparation ranked from special workshops to simple information exchanges at regularly scheduled meetings. Among librarians who received no preparation, 100% educated themselves through professional reading and meetings. Additionally, many of those who had received preparation indicated that professional reading and meetings were invaluable information sources about the new legislation.

### **Donor relations**

The survey revealed the vast majority of donors to have little specific knowledge about the new regulations. When librarians informed them about the changes, donors, obviously, were not pleased by the added paperwork which the new regulations brought; however, none of the questionnaires reported significant negative reaction from donors. Donor reaction seemed to range from mild annoyance to resignation. As one respondent phrased it: "Indifferent acceptance. IRS is IRS; everybody has already made its acquaintance." There were no reports of potential donations being withdrawn as a result of the new regulations.

As might be expected, the survey revealed a wide assortment of library procedures for administering gifts. But this variance resulted more from differing institutional policies for handling gifts than from specific responses to Federal tax legislation. Still, the variety of responses given to such basic topics as how records are maintained, what sorts of written policies and procedures exist, what personnel are responsible for accepting and administering gifts, etc., indicates there is very little standardization in library gift administration procedures.

Immediately following the passage of the 1984 Tax Reform Act, some librarians predicted storage and record keeping problems; however, survey respondents reported no such problems resulting from the new regulations. A number of respondents expressed misgivings concerning the new regulation which requires institutions to report to the Internal Revenue Service when donated property is sold, exchanged, or otherwise disposed of within two years of its receipt. Librarians were unsure what effect this might have on normal weeding practices. Most respondents assumed they now had to retain all donated property for the two-year period; however, one librarian felt that the new regulations did not apply to normal weeding procedures. This would seem to be an area where clarification as to the intent of the regulations is needed. In addition, fears that there would be vast increases in end-of-year gifts to libraries before the 1985 law took effect and, conversely, a decline in donations following the imposition of the new regulations, appear to have been unfounded. None of the respondents reported any dramatic increases or decreases in donations which they could link to the new tax regulations.

### **Appraisals**

Immediately following the passage of the new legislation, a number of librarians expressed misgivings about the new regulations concerning appraisals. What was formerly a loosely governed body of practices was now subject to a set of standards concerning the qualifications of appraisers and to specific appraisal practices. It appears, however, that the new appraisal regulations have not had the impact some librarians predicted. Virtually all respondents indicated that their appraisal procedures bore little difference from those in place prior to the new regulations. Only two (6%) of the surveyed librarians needed to make substantive changes to their existing policies to comply with the new regulations; twenty-four (68%) indicated their appraisal procedures remained unchanged, and nine (26%) reported minor changes. Overall, respondents described a wide variety of practices and procedures for handling appraisals which, as was the case with gifts administration, seems to reflect institutional policy rather than reaction to federal tax legislation.

### **Summary**

Perhaps the strongest evidence that the new regulations have not had a severe impact upon library gift solicitation was the response to the final question of the survey: "Which area [of the new regulations] has been the most difficult?" Twenty-one (60%) of the respondents didn't even answer this question because they had not experienced any problems. The remainder who responded reported no severe problems.

The 1984 Tax Reform Act has not had the sort of



dramatic impact upon library collection development that we saw, and continue to see, following the 1969 tax legislation. In general, the survey indicates that the regulations mandated in the 1984 Tax Reform Law have had no profound effect upon the number and kind of noncash gifts to American libraries or upon the procedures used to administrate these transactions. It appears that no significant trend directly stemming from the new regulations has emerged either.

The survey did reveal several topics of concern which merit further attention. One such concern, evidenced in the comments of a number of respondents, is the need for up-to-date information about financial, legal, and other relevant issues relating to gifts and appraisals. With this in mind, at its January 1988 meeting in San Antonio, the Committee proposed the establishment of an ad hoc committee with the charge of preparing an informational brochure, aimed at library donors, which would meet this need. This recommendation has been approved and the RBMS Ad Hoc Gifts and Appraisals Brochure Committee, chaired by Stephen Ferguson of Princeton University Library, has been charged with preparing the publication.

A number of respondents also felt that the new regulations should continue to be monitored even though they have yet to have any significant impact. One respondent suggested that "case exam-

ples would be useful to ensure that we are, in fact, doing what we should be doing." The Committee encourages individuals either from within or outside of the original survey group to contact the Committee chair if they have additional experiences or relevant comments to report concerning the 1984 regulations. The Committee would also welcome reports from librarians on the effect of the Tax Reform Act of 1986, which also included provisions with the potential to affect donations to American libraries. Although the Committee's survey concerned itself solely with the 1984 regulations, even as it was being distributed, discussions concerning the possible effects of the 1986 law were beginning.

Finally, the above discussion, for the most part, is a summary of the findings for the most significant areas addressed in the questionnaire. But the survey questions covered a variety of topics, from general administrative and policy matters to specific library procedures. The results for the entire survey have been compiled into a separate report which is also available from the chair of the Legislative Information Committee. ■■

### **Rockefeller scholars in residence**

The Rockefeller Archive Center of Rockefeller University will host its second Scholar in Residence in the general field of the history of philanthropy during the academic year 1989-1990.

The purpose of the program is to foster research in the holdings of the Center, which include the records and papers of the Rockefeller Foundation, Rockefeller University, the Rockefeller family, Rockefeller Brothers Fund, and the Commonwealth Fund.

The resident scholar will receive a stipend of up to \$30,000 for nine months of study and extensive research at the Rockefeller Archive Center, beginning on September 1, 1989. Applications are encouraged from established researchers and scholars in fields generally related to the history of philanthropy.

The application should include a curriculum vita, a letter detailing the candidate's research interests and demonstrating familiarity with the Center's holdings, and letters of reference from three persons familiar with a candidate's research and scholarship. The application deadline is April 1, 1989.

Address inquiries to: Darwin H. Stapleton, Director, Rockefeller Archive Center, Pocantico Hills, North Tarrytown, NY 10591.

### **Beinecke Visiting Fellowships**

The Beinecke Rare Book and Manuscript Library, Yale University, offers short-term fellowships to support visiting scholars pursuing post-doctoral or equivalent research in its collections. The fellowships, which support travel to and from New Haven and pay a living allowance of \$1,000 per month, are designed primarily to provide access to the Library for scholars who reside outside the greater New Haven area. The length of a grant, normally one month, depends on the applicant's research proposal. Fellowships must be taken up between September 1989 and May 1990. Recipients are expected to be in residence during the period of their award and are encouraged to participate in the activities of Yale University.

Applicants are asked to submit a resume and a brief research proposal (not to exceed three pages) to the Director, Beinecke Rare Book and Manuscript Library, Box 1603A Yale Station, New Haven, CT 06520-1603. The proposal should emphasize the relationship of the Beinecke collections to the project and state the preferred dates of residence. The applicant should also arrange to have two confidential letters of recommendation sent to the director. One of those selected to receive an award will be named the Donald G. Gallup Fellow in American Literature.

All application materials must be received by January 15, 1989. Awards will be announced in March 1989 for the academic year 1989-1990.



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