“Big Six” Tax Reform Framework Needs More Incentives to Protect Giving, America’s Charities

Statement of the Charitable Giving Coalition on GOP Tax Reform Framework

WASHINGTON, D.C.— Jason Lee, chair of the Charitable Giving Coalition (CGC), a group of more than 175 charities and nonprofits from across the country, commented on the Tax Reform Framework released on Wednesday by the White House and Congressional Republican tax writers:

“The White House draws a connection between a strong civil society and vibrant charitable giving, and leaders in Congress have expressed interest in unlocking more donor dollars for charities across the country. Unfortunately, the Unified Framework for Fixing Our Broken Tax Code released on Wednesday falls short for America’s charities.

“Based on the Framework’s general outline, the Charitable Giving Coalition (CGC) believes the plan would generate dramatic, negative consequences for charities and the constituents they serve because the charitable deduction will be available to only 5% of all taxpayers—causing a significant drop in contributions. The other 95% of taxpayers will be taxed on their gifts to charity.

“CGC strongly urges the Administration and Congress to consider the influence of tax policy on charitable giving and the vulnerable communities nationwide that depend on charitable contributions.

“Tax reform that strengthens American communities, spurs economic growth and supports America’s hard-working families, especially those in middle- and lower-income brackets, must incentivize charitable giving. The Framework acknowledges that certain ‘tax benefits help accomplish important goals that strengthen civil society, as opposed to dependence on government: homeownership and charitable giving.’
“However, under the Framework, the scope and value of the current charitable deduction would vastly diminish. If the standard deduction nearly doubles, the percentage of taxpayers who itemize will drop from approximately 33.3% to only 5%, effectively meaning only 5% of all taxpayers can take the charitable deduction.

“In real terms, 30 million taxpayers who itemized in 2016 will no longer have the giving incentive and will be taxed on their gifts. The result would be a staggering loss of up to $13 billion in contributions annually, undermining America’s charitable organizations and our country’s extraordinary tradition of philanthropy.

“The CGC has proposed a fair and efficient resolution that will continue to encourage Americans to redirect their dollars to charities: a universal charitable deduction available to all taxpayers. This will assure that contributions to charities are not taxed by the federal government and that taxpayers who currently take the deduction for their gifts will continue to be incentivized.

“Furthermore, because the deduction will be available to all taxpayers, it could foster a culture of giving much earlier, providing an incentive to young taxpayers who are beginning to make their charitable investments in the communities and causes they care about. The universal deduction proposal addresses remarks made by House Ways and Means Committee Chairman Kevin Brady (R-TX-8) earlier this year, when he said that in tax reform, “we are looking for ways to unlock more charitable giving.”

“More than a dozen United States Senators, including members of the Senate Finance Committee, recognized that tax reform must not diminish charitable giving when they sponsored The CHARITY Act of 2017 (S. 1343.) That bill expressly states that: (1) encouraging charitable giving should be a goal of tax reform; and (2) Congress should ensure that the value and scope of the deduction for charitable contributions is not diminished during a comprehensive reform of the tax code.

“As Congress and the Administration aim to enact tax legislation that is good and fair for all Americans, the CGC will continue to advance the universal deduction as a solution to the expected loss in giving from the current tax Framework. Our collective, unifying goal should be to ensure that America’s communities thrive and her charities remain strong, diverse and effective.”

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*The Charitable Giving Coalition*

*Representing private and community foundations, their grantees and independent charities, the Charitable Giving Coalition’s members include United Way Worldwide, the Salvation Army, Catholic Charities USA, the American Council on Education, Jewish Federations of North America, the American*
Institute for Cancer Research, the Association of Fundraising Professionals, Independent Sector, the Council on Foundations, and The Philanthropy Roundtable, among others. Formed in 2009, the coalition is dedicated to preserving the charitable giving incentive that ensures that our nation’s charities receive the funds necessary to fulfill their essential philanthropic missions. The coalition provides a unique and unified voice on Capitol Hill on issues affecting the charitable deduction, a voice composed of both direct lobbying and robust grassroots advocacy. www.protectgiving.org, #protectgiving, @protectgiving