H.R. 1, The Tax Cuts and Jobs Act

Statement of the Charitable Giving Coalition on House Ways & Means Committee Tax Reform Bill

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 CGC is deeply concerned that The Tax Cuts and Jobs Act (H.R. 1) will generate dramatic, negative consequences for America’s charitable organizations and the constituents they serve.

This sweeping overhaul of the tax code doubles the standard deduction and shifts millions of taxpayers who currently itemize to taking the standard deduction. Consequently, as many 30 million taxpayers who itemized in 2016 will no longer have the charitable giving incentive available to them and will be taxed on their gifts.

The result of this provision alone could be a staggering loss of up to $13.1 billion in contributions annually, undermining America’s charitable organizations and our country’s extraordinary tradition of philanthropy. The charitable deduction would be available to only 5% of all taxpayers—causing this significant drop in contributions. Up to 95% of taxpayers will be taxed on their gifts to charity.

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 would 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.
The universal charitable deduction would offset the losses anticipated under the current plan and potentially gain an additional $7 billion annually for America’s charitable organizations.

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.”

For Americans who will continue to itemize, the CGC is grateful that H.R. 1 retains their charitable tax deduction. The bill also increases the current adjusted gross income (AGI) limitation for cash gifts from 50% to 60%.

The CGC is committed to active and constructive participation with the House and Senate in coming weeks as the tax reform proposal continues to take shape. Our collective, unifying goal should be to ensure that America’s communities and charities thrive and 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](http://www.protectgiving.org), #protectgiving, @protectgiving