



Protecting America's Strong Tradition of Giving

Why Congress Must Adopt a “Fix” for the Charitable Deduction

Congress must enact a universal charitable deduction for all taxpayers who, under current tax reform proposals, will take the standard deduction. Otherwise, charitable organizations – of all types and in every community across the United States – will endure devastating consequences.

Talking points about the current Senate tax reform bill, its impact on charitable giving and the need for a universal charitable deduction are below. THEN SCROLL ALL THE WAY DOWN for a template email to send to your Senators.

Under current proposals, charitable organizations will lose BILLIONS of dollars to support critical services:

- Due to the doubling of the standard deduction, 95 percent of all taxpayers will not benefit from a charitable giving tax incentive. In real terms:
 - Over 30 million taxpayers will no longer have the charitable deduction available to them;
 - Charitable contributions will DECLINE by \$13 billion or more per year; and,
 - This decline represents between 4% and 6.5% drop in contributions to charitable organizations (according to studies by Lilly Family School of Philanthropy at Indiana University and Tax Policy Center)
- Recent analysis from Joint Committee on Taxation estimates that under current tax reform proposals:
 - For the 2018 tax year, itemizers taking charitable contribution deductions will drop from 40.7 million (current law) to 9.4 million taxpayers, and
 - The amount of charitable contributions claimed for deduction will decline by \$94.8 billion, dropping from \$241.1 billion to only \$146.3 billion.
- Some argue that overall giving will increase regardless of the negative impact of tax reform, but the data clearly shows otherwise. Charitable giving will decline significantly under current tax reform proposals.

Americans who NEED the most will LOSE the most.

- Charitable contributions and the charitable tax deduction are critical for organizations doing vital work in our communities.
- Small, local charities and congregations - already run on a shoe-string budgets - likely to be hardest-hit by reduced giving.
- A 4-6.5% decline of a charitable organization's annual budgets will be devastating to the vulnerable individuals they assist, who often have nowhere else to turn for life's necessities.

Dwindling public dollars for human services exacerbates the challenge.

- Government budgets continue to shrink, especially for social services and other programs that benefit communities
- Private charitable contributions are the critical lifeline.
- Given this reality, it is extraordinarily short-sighted to limit incentives for private contributions to charity.

A universal charitable deduction for non-itemizing taxpayers represents good tax policy

- A deduction for non-itemizers will restore an important giving incentive to more than 30 million taxpayers who will take the standard deduction.
- And, the incentive will be available to all taxpayers, regardless of income level.
- Without the universal charitable deduction, 95% of taxpayers will pay taxes on their charitable gifts.
- The tax deduction for charitable contributions is a unique tax provision, encouraging Americans to give away their money, directing it to causes about which they're passionate.

A universal charitable deduction for non-itemizers will re-coup the dollars that will otherwise be lost under current proposals.

- Recent studies (Lilly Family School of Philanthropy at Indian University, Tax Policy Center) confirm that the universal charitable deduction for non-itemizers will help recoup funding that will otherwise be lost under current tax reform proposals.
- This is especially important as many charities are just now seeing charitable giving levels return to pre-recession (pre-2008) levels. After 10-years of struggle and recovery, they cannot afford another setback.

DRAFT EMAIL

Dear Senator LAST NAME:

As the TITLE for the ORGANIZATION in CITY, STATE, I am writing to urge you to include the universal charitable deduction in the current Senate tax reform bill.

The doubling of the standard deduction in the bill will dramatically reduce the number of taxpayers who benefit from the charitable deduction. The Joint Committee on Taxation

confirmed that under the bill, 30 million taxpayers would no longer itemize their taxes, reducing the amount of charitable gifts that taxpayers deduct by almost \$100 billion.

Research from Independent Sector and the Lilly Family School of Philanthropy estimates that charities could see a staggering loss of up to \$13.1 billion in contributions annually, equal to 6 percent of all individual giving, while other research from the Tax Policy Center shows that giving could drop by almost \$20 billion!

This loss in charitable giving will generate significant, negative consequences for America's charitable organizations and the constituents they serve. **INCLUDE A SENTENCE OR TWO ON HOW A DROP IN GIVING COULD IMPACT YOUR ORGANIZATION AND ITS CHARITABLE SERVICES.**

To offset this giving and ensure that charities receive the funding they need to serve communities across our country, I encourage you to include the universal charitable deduction in the tax reform bill.

A universal charitable deduction available to all taxpayers is simple, fair and would help encourage additional giving to charities. Enacting a universal charitable deduction in the tax bill would overcome the loss in giving from the increased standard deduction.

Please support a universal charitable deduction in the Senate tax reform bill. Without it, the bill cannot live up to its ideal of being fairer and helping all Americans, especially those that depends on the services of charities across the country.