

September 22, 2014

The Honorable Paul Ryan U.S. House of Representatives 1233 Longworth House Office Building Washington, DC 20515

Dear Chairman Ryan:

The Charitable Giving Coalition, representing a broad cross-section of nonprofit organizations across the country, thanks you for publicly recognizing the value of the charitable deduction. Your recent, public comments acknowledge that the charitable deduction is different than other itemized deductions in that it encourages individuals to give away a portion of their income to those in need. It rewards a selfless act and ensures a greater amount of charitable donations to charities to fund their philanthropic missions that provide innumerable benefits throughout our communities.

We did want to share with you that we have concerns about some of the proposed changes to the deduction included in Representative Campøs *Tax Reform Act of 2014*. Specifically, we believe the two percent of adjusted gross income (AGI) floor for charitable gifts would dramatically decrease giving, particularly to those charities that largely rely on small, private donations. One survey indicated that the charitable sector would lose \$3 billion per year in charitable contributions if a two percent (AGI) floor were imposed.<sup>1</sup> We also are concerned about streamlining the AGI limitations which would disincentivize cash gifts in favor of gifts of property, and then , limiting the deductions of most contributions of property to basis, rather than fair market value. Taken together, these and other proposed changes could potentially eliminate the charitable deduction for 95% of all taxpayers.

The charitable sector and those served by our charities continue to feel the effects of the recession, and we are just now seeing an uptick in both charitable contributions and philanthropic programs and services. Now is not the time to experiment with the charitable deduction.

<sup>&</sup>lt;sup>1</sup> Statement of Frank J. Sammartino, Assistant Director for Tax Analysis, Congressional Budget Office, õOptions for Changing the Tax Treatment of Charitable Giving,ö Senate Committee on Finance, Oct. 18, 2011.

We again thank you for your support of the charitable sector and the invaluable deduction that spurs giving. We look forward to working with you and your staff on this important issue as tax reform continues to take shape.

Sincerely,

Association of Fundraising Professionals, Chair Agudath Israel of America Alliance for Charitable Reform American Alliance of Museums American Institute for Cancer Research American Jewish Committee American Red Cross American Society of Association Executives Americans for the Arts Americans for the Arts Action Fund Association for Healthcare Philanthropy Association of Art Museum Directors Association of Christian Schools International Association of Direct Response Fundraising Counsel Association of Gospel Rescue Missions Council for Advancement and Support of Education Council for American Private Education Council for Christian Colleges & Universities Council on Foundations Dance/USA **DMA** Nonprofit Federation Dunham+Company **Educational Media Foundation** Evangelical Council for Financial Accountability Forum of Regional Associations of Grantmakers Fraternity and Sorority Political Action Committee Girl Scouts of the USA Goodwill Industries International Independent Sector Jewish Federations of North America Leadership 18 LeadingAge League of American Orchestras National Association of Independent Schools National Catholic Development Conference National Council for Behavioral Health National Panhellenic Conference North American Interfraternity Conference **OPERA** America Partnership for Philanthropic Planning

Performing Arts Alliance Philanthropy Ohio The Philanthropy Roundtable Theatre Communications Group United Way Worldwide Volunteers of America