



Protecting America's Strong Tradition of Giving

Dear President-elect Trump:

On behalf of the Charitable Giving Coalition, a diverse group representing America's charitable sector—including public charities, more than 40 private and community foundations and their grantees, as well as nonprofit organizations and the associations and umbrella groups that serve their needs—we congratulate you on your successful presidential campaign and again write to urge you to protect charitable giving incentives, particularly the charitable deduction, in any tax reform proposals under consideration.

As you contemplate caps or restrictions on itemized deductions (\$100,000 for individuals and \$200,000 for couples/families filing jointly), we encourage you to exempt the charitable deduction from those restrictions. Unlike with other deductions, taxpayers can—and will—adjust their levels of charitable contributions in response to tax code changes. And if the deductions for state and local taxes and home mortgage interest meet (or exceed) the \$100,000/\$200,000 deduction limit, that completely removes the charitable giving incentive from the equation.

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 it encourages taxpayers to give more funds to charities than they would otherwise give. A calculation of the deduction suggests that those in need receive \$2.50 of benefit for every \$1 of tax benefit going to the donor. No other tax provision generates that kind of positive public impact. According to Giving USA, Americans gave over \$373 billion (the highest total ever recorded over the past 60 years) to support charitable causes in 2015, much of which is claimed as a charitable tax deduction.

Instead of considering proposals that would curtail charitable giving, we urge you to consider incentives that would increase charitable giving such as excluding charitable gifts from taxation for all taxpayers through the implementation of an above-the-line (or non-itemizer) deduction. In an above-the-line scenario, contributions would be subtracted before arriving at adjusted gross income. This suggested change expands the charitable giving incentive to all taxpayers, not just those who itemize their deductions.

Bolstering the charitable sector is a key means of jumpstarting the economy. Charitable organizations generate \$1.1 trillion every year in jobs and services. One in 10 U.S. workers is employed by the nonprofit sector, which provides 13.7 million jobs. Annually,

employees of nonprofit organizations received roughly 9 percent of wages paid in the U.S., and the nonprofit sector pays \$587.7 billion in wages and benefits.

Again, we congratulate you on your successful campaign for President of the United States. We look forward to working with you and your staff on this important issue and are happy to act as a resource to you regarding philanthropy and charitable giving.

Sincerely,

The Charitable Giving Coalition