



*Protecting America's Strong Tradition of Giving*

February 18, 2016

The President  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Dear Mr. President:

On behalf of the Charitable Giving Coalition, a diverse group representing private and community foundations, their grantees and independent charities, as well as nonprofit organizations and the associations and umbrella groups that serve their needs, we support the language included in the Fair Share Tax, also known as the Buffett rule, in your Administration's FY 2017 Budget that specifically maintains a charitable deduction. Similarly, the Budget would exempt charitable donations from an increased capital gains tax while simultaneously increasing and streamlining the adjusted gross income limits for certain charitable donations.

As the language in the Buffett Rule proposal affirms, the charitable deduction is different from 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 have given.

This recognition of the vital importance of charitable giving also was reflected in the tax extenders bill that you signed into law last year that permanently enacted charitable giving incentives such as the IRA Rollover provision and enhanced charitable deductions for the donation of food inventory and land conservation easements.

Because the charitable deduction is unique and promotes giving to benefit humanity, please reconsider proposals to limit the value of itemized deductions for charitable contributions, such as the proposal in the FY 2017 Budget that would include the charitable deduction in a cap on itemized deductions of 28% for certain taxpayers. This proposed cap contradicts and undermines the concept established in the Buffett Rule proposal that acknowledges the unique value of the charitable deduction. The proposed cap would have long-lasting negative consequences on the charitable organizations upon which millions of Americans rely for vital programs and services.

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. In 2014, Americans gave over \$358 billion (the highest total ever

recorded over the past 60 years) to support charitable causes according to *Giving USA*, much of which is claimed as a charitable tax deduction.

Furthermore, nonprofit organizations that rely on charitable gifts to provide valuable services to communities have a powerful impact on the American economy. These organizations generate \$1.1 trillion every year in the form of jobs and services. One in 10 U.S. workers is employed by the nonprofit sector, which provides 13.7 million jobs. Employees of nonprofit organizations received roughly nine percent of wages paid in the U.S., and the nonprofit sector paid \$587.7 billion in wages and benefits.

Again, we appreciate and support the language included in the Buffett Rule proposal that preserves the charitable deduction and recognizes the fact that this deduction is different from any other itemized deduction because it promotes selfless gifts to philanthropic endeavors. We respectfully urge you to withdraw any other proposals that would limit the value of itemized deductions for charitable contributions in your FY 2017 Budget.

We look forward to working with you and your staff on this issue.

Sincerely,

The Charitable Giving Coalition