



Protecting America's Strong Tradition of Giving

February 3, 2015

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 Buffett rule proposal in your Administration's FY 2016 Budget that specifically protects the full value of charitable deduction.

As the language in the Buffett rule proposal affirms, 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 have given.

This recognition of the vital importance of charitable giving also was reflected in the decision to exempt gifts to charity from the proposal that would increase taxes on capital gains for high-income Americans.

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 2016 Budget that would cap itemized deductions at 28% for certain taxpayers. This proposed cap undermines the concept established in the Buffett rule proposal that the charitable deduction is different from other itemized deductions and should be protected from any changes that would otherwise diminish the impact of this important 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 2013, Americans gave over \$335 billion 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.

As charities struggle to raise additional funds to meet increased demands for their services, we ought to encourage Americans to be more generous, not signal that giving is less important. One way of bolstering charitable giving is by passing the Supporting America's Charity Act, legislation that would make permanent several key expired charitable giving incentives, including provisions contained in the FY 2016 Budget such as the enhanced tax deduction for the donation of land conservation easements.

Again, we appreciate the language included in the Buffett rule proposal that preserves the full value of 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 2016 Budget.

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

Sincerely,

The Charitable Giving Coalition