

December 15, 2011

The Honorable Max Baucus
United States Senate
511 Hart Senate Office Building
Washington, DC 20510-2602

Dear Chairman Baucus:

As 2011 comes to a close, Americans begin to increase their philanthropic activities in conjunction with the holiday season. In turn, charities across the country are undertaking year-end fundraising campaigns to ensure that they have the necessary resources to provide critical philanthropic services that ensure shelters for the homeless, food for the needy, healthcare services for those who lack access, programs that improve civic and cultural vitality and other necessary endeavors. These campaigns rely heavily upon charitable contributions from individuals, many of whom receive a tax deduction for those contributions. For this reason, as a coalition representing a broad cross-section of nonprofit organizations across the country, we urge you to continue to preserve the charitable deduction during future discussions associated with deficit reduction, expiring tax cuts and other related tax measures.

The charitable deduction is different than other tax provisions 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. Data suggests that for every dollar a donor gets in tax relief for his or her donation, the public typically receives three dollars of benefit. No other tax provision generates that kind of positive public impact.

The vast majority of donors give their charitable contributions at the end of the year prior to the December 31 cutoff, which indicates that the tax implications of their gifts do affect donors. Because of this consistent trend in donor giving, many charities rely heavily upon year-end giving campaigns and keep their offices open through the holidays, sometimes right up until midnight on December 31, to ensure that they receive and process last minute charitable contributions prior to the tax deadline. Furthermore, accountants and financial planners consistently give year-end tax advice regarding charitable donations to the taxpayers that they serve. Although the charitable deduction is not the only reason why donors give, the deduction does ensure that donors give more often and give larger gifts.

It is worth noting that high-income earners are more sensitive to changes in tax incentives. Perhaps more importantly, higher income taxpayers account for the majority of individual giving. According to the recent CBO report on the tax treatment of charitable giving, tax filers who reported AGI of at least \$100,000 in 2008 were responsible for well over half (about 58 percent) of all charitable giving by taxpayers.

Charities leverage charitable contributions to bridge the gap by serving those in need and our communities as budgetary constraints hinder state and federal governments from providing similar services. These charity-provided services are critical, and reducing charitable giving does not just harm the nonprofit sector, it also hurts those in the lowest income brackets who rely

heavily upon charitable services. If the charitable deduction is capped, reduced or eliminated, wealthy Americans will not bear the brunt of any changes made to itemized deductions that negatively impact charitable giving—America's poor will.

Also, do not underestimate the positive impact that charities have on the economy. In 2009, nonprofits employed 13.5 million individuals, or approximately 10 percent of the country's workforce. More people work in the nonprofit sector than in the finance industry, including insurance and real estate. Employees of nonprofit organizations accounted for 9 percent of wages paid in the U.S. in 2009, and the nonprofit sector paid \$668 billion in wages and benefits to its employees. The fact remains that the charitable sector represents a significant cog that drives economic recovery.

For these reasons, we need to encourage all individuals, regardless of income and wealth, to give more to charitable organizations, not less. Again, we urge you to oppose any future efforts to reduce or cap the value of itemized deductions for charitable contributions.

We look forward to working with you and your staff on this issue and on any other issues affecting the charitable sector.

Sincerely,



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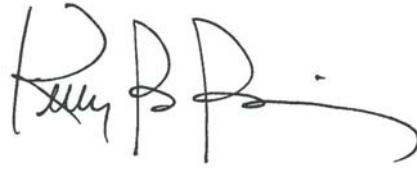
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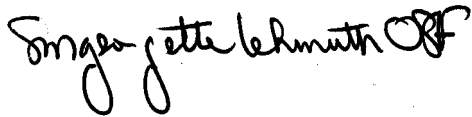
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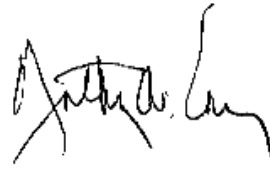
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cc: Members of the Joint Select Committee on Deficit Reduction