

October 25, 2012

Governor Mitt Romney  
Romney Campaign Headquarters:  
585 Commercial Street  
Boston MA, 02109

Dear Governor Romney:

As a coalition representing a broad cross-section of nonprofit organizations across the country, we urge you to reconsider your proposal to cap the charitable deduction as part of an overarching proposal to cap all itemized deductions.

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. 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.

A cap on charitable deductions contradicts and undermines the concept that this particular deduction is unique and should be protected from any changes that would otherwise diminish its impact. Any proposed cap would have long-lasting negative consequences on the charitable organizations upon which millions of Americans rely for vital programs and services.

Higher income taxpayers account for the majority of individual giving. According to a Congressional Budget Office report on the tax treatment of charitable giving, tax filers who reported an adjusted gross income of at least \$100,000 in 2008 were responsible for well over half (about 58 percent) of all charitable giving by taxpayers.

The charitable deduction's uniqueness makes it more vulnerable to tax changes that limit deductions. Martin Sullivan, Chief Economist at Tax Analysts, a non-profit provider of tax news and analysis, reviewed your proposal to cap itemized deductions and specifically noted that:

charitable giving is probably a lot more sensitive to tax changes (in economics jargon, more price elastic) than payments of local taxes and mortgage interest. Most taxpayers can do little in the short run to affect local taxes (by changing jurisdiction or through political pressure) or mortgage payments (by buying a smaller home or paying down debt), while charitable contributions can usually be adjusted with ease.

People give to worthwhile causes for many reasons—incentives such as tax deductions being among them. Tax incentives make more and larger gifts possible. The federal government has acknowledged this trend. During times of crisis, such as the natural disasters like Hurricane Katrina, the 2008 Midwest flooding and the 2010 Haiti earthquake, Congress regularly passes

charitable giving incentives to make it easier for Americans to give donations and support to nonprofits serving individuals, families and communities in need.

Charities have a very positive impact on the American economy. In 2009, nonprofits employed 13.5 million individuals, or approximately 10 percent of the country's workforce. Employees of nonprofit organizations received roughly 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.

We respectfully urge you to reconsider your proposal to limit the value of the charitable deduction. We look forward to working with you and your staff on this issue and on any other issues affecting the charitable sector.

Sincerely,

Association of Fundraising Professionals, Chair  
Alliance for Charitable Reform  
Alliance of Nonprofit Mailers  
American Alliance of Museums  
American Institute for Cancer Research  
Association for Healthcare Philanthropy  
Association of Christian Schools International  
Association of Direct Response Fundraising Counsel  
American Society of Association Executives  
Association of Art Museum Directors  
Big Brothers Big Sisters of America  
Catholic Charities USA  
Council for Advancement and Support of Education  
Dance/USA  
DMA Nonprofit Federation  
DMW Direct Fundraising  
Dunham+Company  
Educational Media Foundation  
Evangelical Council for Financial Accountability  
Goodwill Industries International  
Independent Sector  
The Jewish Federations of North America  
League of American Orchestras  
Mental Health America  
The National Catholic Development Conference  
The National Council on Aging  
The National Human Services Assembly  
OPERA America  
The Philanthropy Roundtable  
The Salvation Army  
Theatre Communications Group  
The United Way Worldwide  
Volunteers of America