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TAMPERING WITH THE CHARITABLE DEDUCTION HURTS COMMUNITIES, NEEDY THE MOST

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By John Ashmen

The region of St. Louis and Southwestern Illinois has a long, proud tradition of charitable giving by corporations and individuals supporting a wide range of vital community services, activities and venues. But nonprofit organizations that rely on generous donors are facing an urgent threat as Congress moves full-steam ahead in its consideration of proposals that could unravel the charitable tax deduction.

A new report issued by Giving USA says those who itemized their charitable contributions comprised more than 80 percent of the total estimate (nearly $229 billion) for giving by individuals in 2012. Other research shows that if lawmakers reduce the value of the deduction, billions in donations would be lost each year, meaning vital services and jobs could be cut or eliminated.

That could be devastating for millions who depend on a network of highly effective, compassionate organizations across the country that provide jobs, economic development, food, shelter and more. For instance, each year, crisis shelters and rehabilitation centers run by members of the Association of Gospel Rescue Missions use private donations to provide approximately:

- 50 million meals.
- 25 million nights of lodging.
- 30 million articles of clothing.
- 20,000 graduates from addiction recovery programs.

Home Sweet Home Ministries in Bloomington served nearly 114,000 meals, gave away more than 4,700, and housed well over 500 men, women and children through shelter services in 2012. More than 1,300 volunteers and 8,200 donors made it possible.

This represents just one example. There are thousands more like them.

Catholic Charities USA's network of local agencies raises nearly $680 million of contributed income annually. Many rely on individual donors for more than half of their contributed income to provide funding to:

- Meet the needs of the more than 10 million people seeking help and hope, regardless of race or religious background.
- Employ nearly 66,000 and engage more than 311,000 volunteers annually.

The Salvation Army also relies on generous donors to provide food, disaster relief, assistance for the disabled and support for disadvantaged children, the elderly and the homeless. The organization delivers assistance to:

- 30 million Americans in 5,000 communities with its 70,000 officers and employees and 3.3 million volunteers.

Nearly 60 percent of the $2.8 billion in donations received by The Salvation Army in the United States in 2011 came from individual donors. Some Salvation Army units receive more than 75 percent of their funding from individual donors.

Some 1,200 United Ways throughout America:

- Provide critical services for up to 52 million people.

- Employ more than 9,300 people and help mobilize 2.87 million volunteers each year.

Conservative estimates indicate that limiting the charitable tax deduction could reduce giving by a minimum of 2.5 percent for United Way. That amounts to more than $100 million, or 1.3 million fewer times that United Way could provide job training for an unemployed worker, home care for an elderly citizen, supportive housing for a single mother or a mentor/tutor for an at-risk youth.

These vital organizations are sources of jobs, services and support. They depend on donations that the charitable tax deduction helps make possible. If lawmakers upend it, nonprofits in this region and throughout America lose their ability to provide food and shelter for the most vulnerable, support education and better health, support job creation, innovate and more.

That's why the Charitable Giving Coalition, a diverse group of more than 60 diverse nonprofits, foundations and other charitable organizations serving communities across the nation, is working to ensure there is a clear understanding of how tampering with the charitable deduction could impact giving and hurt those who need help the most.

It's important for lawmakers to remember that the nonprofit sector's role in our communities is not a loophole for the rich. It is a lifeline for those who need it most. With the demand for crucial services on the rise, we must work to find ways to encourage more giving, not less.

John Ashmen is president of the Association of Gospel Rescue Missions, a member of the Charitable Giving Coalition. The Coalition is dedicated to preserving the charitable giving incentive that ensures that our nation's charities receive the funds necessary to fulfill their essential philanthropic missions. AGRM is comprised of approximately 275 missions located across North America; Sunshine Ministries Inc .in St. Louis is one of them.

http://www.ibjonline.com/charitable-deductions/161-tampering-with-the-charitable-deduction-hurts-communities-needy-the-most

Chicago Tribune

LAWMAKERS GO ONLINE FOR GRASSROOTS PUSH ON TAX REFORM

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By Kim Dixon

WASHINGTON (Reuters) – The political goal is the same as it was in the mid-1980s: grassroots support for an overhaul of the U.S. tax code. But lawmakers' approach this time is thoroughly modern.

The chairmen of Congress's tax-writing committees on Thursday launched a website they hope will boost public support for overhauling the tax code in the same way that a "Write Rosty" letter-writing campaign did a quarter-century ago.

TaxReform.gov, created by U.S. Senator Max Baucus, a Democrat, and Representative Dave Camp, a Republican, asks Americans to share their stories and ideas about tax reform.
The site's home page heading says, "Comprehensive Tax Reform: building a tax code for the 21st century."

The U.S. tax code has not been revamped since 1986. The last successful effort was led by Republican President Ronald Reagan and Democratic Representative Dan Rostenkowski, who held the position Camp holds today.

As chairman of the tax-writing House of Representatives Ways and Means Committee, Rostenkowski asked the public to "Write Rosty" if they backed his effort to reform the tax code along with Reagan. More than 75,000 letters to Rostenkowski poured in.

Camp has vowed to move a tax reform bill out of Ways and Means this year. Baucus, chairman of the Senate Finance Committee, has said he wants to spend much of the remaining time before his 2014 retirement working on tax reform.

Polls show the public wants a simpler tax code, but major obstacles confront Baucus and Camp.
One is the political divide over whether tax reform should increase tax revenue. Another is the difficulty of eliminating scores of tax breaks prized by individuals and corporations alike.

U.S. President Barack Obama backs a tax code rewrite and he has listed detailed proposals in repeated budget plans, but he has not pursued that objective as aggressively as Reagan did.

There are other significant differences from that period.

Clint Stretch, a former congressional tax staffer, said, "Reagan talked about tax reform constantly and it was well received in stump speeches."

In 1986, the tax code was less complex and the tax loopholes being exploited were more glaring. Reform advocates also won the backing of a big share of the business community.

Today's business community is divided, and the code is loaded with hundreds of special exemptions, deductions and other favors to special interests. Also, the lobbying industry that protects each of these is larger and more entrenched.

"The public, just like in 1985, is naturally skeptical of tax reform," Camp and Baucus said in a joint statement.

"The kind of engagement the 'Write Rosty' campaign sparked nearly 30 years ago is even easier today thanks to the Internet and social media. That's why the chairmen are launching TaxReform.gov" and a @simplertaxes Twitter handle," they said.

Also on Thursday, the Senate Finance Committee met to weigh options on boosting U.S. companies' global competitiveness, the latest in a series of meetings on tax issues.

Businesses often complain that the top U.S. corporate income tax rate is 35 percent, which is high by global standards, though many companies pay well below that rate due to their ability to use tax breaks and shift profits offshore.

A 12-page paper by bipartisan finance committee staff was discussed at the meeting. It included options to move toward a so-called territorial system – where companies' foreign income is largely exempt from U.S. income tax. That policy is backed by much of corporate America and most Republicans.

It also included options that move in the other direction, including repealing deferral of taxation on foreign profits and the immediate taxation of all income from company subsidiaries in low-tax countries – ideas backed by some Democrats.

The paper does not lay out a one-time tax holiday known as "repatriation" that would put a lower tax rate on profits if they were brought into the United States.

The paper cited estimates of taxable income shifted by U.S. companies from higher-tax countries to tax havens at between $58 billion to $111 billion annually.

Large U.S. companies boosted their offshore earnings by 15 percent last year to a record $1.9 trillion, avoiding hefty tax bills by keeping the profits abroad, according to a report released this week by research firm Audit Analytics.

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