



TELL CONGRESS: COMMUNITIES LOSE IF DEDUCTION RULES CHANGE

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By Amy Haacker

Federal lawmakers are heading into an intense period of political and policy debate regarding the budget, deficit reduction and tax reform. There is growing and urgent concern that elected officials are seriously considering unraveling a 100-year-old American tradition that encourages charitable giving and benefits millions of people — here in Indiana and throughout the country.

While elected officials express support for the value and impact of charitable giving, proposals on the table indicate a very real threat to incentives that encourage this kind of generosity. President Obama's proposed budget calls for a limit on the amount taxpayers can claim for their charitable contributions. Such a move puts at risk billions of dollars in donations and could spell disaster for America's nonprofits and the people who rely on them. That's why the philanthropic sector is acting now to make sure elected officials understand what is at stake.

The charitable deduction is a unique and effective way for individuals to invest in their communities. Together, philanthropy and nonprofits spur innovation, aid those who are most vulnerable, provide relief in a crisis, support education and health, advance cures and scientific breakthroughs, enhance the arts, make investments that fuel economic growth and more.

You don't have to look very far to see or experience the inextricable link between charitable giving and thriving communities. Right here in Shelby County, charitable giving has improved our lives by enhancing the arts through the support of nonprofits such as the Strand Theatre, Shelby County Players, Arts in the Park and more. Essential health services are provided to our citizens without access to the prescriptions or care that they need through the Shelby County Health Clinic. The Boys and Girls Club and Girls Inc. embrace the "it takes a village" philosophy through their quality programming and care for our children. Beautification efforts, recreational opportunities, and historic preservation all contribute to the "sense of place" that makes us want to call Shelby County home.

In 2011, Americans gave nearly \$300 billion to support a multitude of worthy causes. For every \$1 a donor deducts, communities receive as much as \$3 of benefit. It's unlikely government could find a better way to leverage private investment in community services. It's also important to recognize that donors of varying income levels itemize their deductions—not just the wealthy. According to the Internal Revenue Service, only 8 percent of Indiana itemizers were in the \$200,000-and-above tax bracket in 2010, while 68 percent of itemizers had incomes between \$50,000 and \$200,000 and 24 percent had incomes below \$50,000.

Limiting or capping the charitable deduction defies logic, particularly when we are still reeling from the effects of the recession — increased demand for services that heal, educate and innovate — with fewer resources to get the job done.

Americans understand the value of giving and the charitable deduction. According to a recent public opinion poll conducted by United Way Worldwide, nearly 80 percent of Americans agree reducing or eliminating it would have a negative impact on charities and the people they serve. Nearly two-thirds would have to reduce their contributions by a significant amount — 25 percent or more.

Without the continued support of generous Americans, nonprofits will be forced to slash or abandon their work. If lawmakers tamper with the charitable deduction, we risk losing our ability to provide food and shelter, prepare our children for success in school and work, help families become financially stable and

strengthen health care services for our most vulnerable populations.

Tough decisions must be made to tackle the nation's fiscal challenges without hurting our communities. Reducing the value of the charitable deduction is not a solution. We should be working together to find ways to encourage more giving, not less.

Haacker is executive director of the Blue River Community Foundation in Shelby County (www.blueriverfoundation.com).

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