



PAUL D. DAUGHERTY AND BECKY CEPERLEY: KEEP CHARITABLE DEDUCTION ON THE TABLE

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By Paul D. Daugherty and Becky Ceperley

Federal lawmakers are heading into an intense period of political and policy debate about 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. In jeopardy is the provision that allows taxpayers to deduct donations to charities.

More than 13 percent of all taxpayers in West Virginia use this deduction, which is designed to encourage donors to support worthy causes. Add up the donations they made to charities in 2010, and it comes to more than \$467 million.

It's important to recognize that donors at all income levels itemize their deductions -- not just the wealthy. In fact, nearly 70 percent of West Virginia's taxpayers who use the charitable deduction are middle to low-income households with 11.5 percent of these taxpayers earning less than \$50,000 a year.

It is worth noting that West Virginia is fortunate to be home to so many people who carry on the unique American tradition of charitable giving. We have foundations willing to take a leadership role to encourage philanthropy, and residents willing to dig deep into their pockets to help those who are less fortunate.

Despite this spirit of generosity, West Virginia still faces philanthropic challenges as most recently we were ranked 47th in the nation for charitable giving (including itemized donations and nonitemized giving) when compared with other states, according to the Boston College Center on Wealth and Philanthropy. Also, the Big Sky Institute defines The Mountain State as on the "Philanthropic Divide," meaning that we are in the bottom 10 in the country when looking at charitable giving, foundations based here, and grants received per capita.

Most recently, the U.S. Senate Finance Committee's chairman and ranking member have proposed to remove all deductions and credits from the tax code, including the charitable deduction. In West Virginia, where we are working to grow charitable giving and recognize the critical role it plays in our communities, removing or changing the deduction would have catastrophic effects on the nonprofits that serve hundreds of causes and thousands of families across the state. While elected officials in Washington express support for the value and impact of charitable giving, this proposal by the Senate Finance Committee, along with many others in the U.S. Senate and House poses a real threat to incentives that encourage generosity.

According to a recent public opinion poll conducted by United Way Worldwide, nearly 80 percent of Americans agree that reducing or eliminating the charitable deduction would have a negative impact on charities and the people they serve. Nearly two-thirds say they would have to reduce their contributions by a significant amount -- 25 percent or more. Americans are a giving people and are likely to support worthy charities whether there is a charitable deduction or not, but the charitable deduction often will encourage people to give more. Between 2009 and 2010, West Virginia saw a \$50 million decline in charitable giving.

Charities and philanthropy play a vital role throughout the Mountain State and especially in the Kanawha Valley. When our region and state were struck by two natural disasters in 2012, charities and foundations stepped up to respond. Many citizens in our region have been hit hard by the economic recession. We hear countless stories about how people's lives have been turned upside down after facing the loss of a job or a home. Charities in the region are working hard to help those affected by crisis with basic needs like food, clothing and shelter, and these same charities are reporting an increase in demand for their services.

In fact, a recent survey from the Nonprofit Finance Fund reveals that for the first time in the survey's five-year history, more than half of the charities say they could not meet demands for assistance last year, and expect the number to increase this year. One in four had less than 30 days' cash on hand. We should proceed cautiously in making any decisions that could worsen the situation for charities that are still reeling from the effects of the recession.

Tough decisions must be made to tackle the nation's fiscal challenges without hurting our communities. At a time when charitable contributions are more vital than ever to meet the growing needs in our communities, it seems unwise for Washington to consider changes as part of tax reform that would hurt the charitable community and the valuable services it provides. It is critical to keep the current level of the charitable deduction in our tax code without changing or manipulating it.

Now more than ever, we should be working together to find ways to encourage more giving, not less.

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<http://www.wvgazette.com/Opinion/OpEdCommentaries/201307100086>

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DON'T ELIMINATE THE CHARITABLE DEDUCTION

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By Judy Sjostedt

As federal lawmakers head into an intense period of debate about the budget deficit and tax reform, they are seriously considering removing/reducing the provision allowing taxpayers who itemize to deduct their gifts to charity. More than 13 percent of all West Virginia taxpayers use this deduction to support worthy causes; their gifts in 2010 exceeded \$467 million. And, donors at all income levels itemize charitable deductions – nearly 70 percent of the state's taxpayers using the charitable deduction represent middle- to low-income households.

Recently, the U.S. Senate Finance Committee's chair and ranking member proposed removing all deductions and credits from the tax code, including the charitable deduction. In West Virginia, where we're working to increase giving and where we recognize the crucial role it holds in improving our communities, reducing the deduction could have catastrophic effect.

While our state is fortunate to be home to many people who carry on the American tradition of charitable giving, communities throughout our region face serious resource challenges at a time when local needs and demand for services only continue to increase. Our region's hardworking nonprofit groups serve hundreds of important causes and thousands of families statewide. Giving to these valuable community partner organizations would likely be impacted by any reduction or elimination of the charitable deduction.

While elected officials in Washington say they value charitable giving, the current U.S. Senate Finance Committee proposal and others in the House and Senate would significantly reduce the one tax incentive that stimulates giving. According to a United Way worldwide public opinion poll, nearly 80 percent of Americans agreed a reduction in the charitable deduction would negatively impact charities and those they serve. Nearly two-thirds said reducing the deduction would cause them to reduce contributions significantly, by 25 percent or more.

Charities and philanthropy serve a vital role in West Virginia. Many citizens have been hit hard by the economic recession. We hear countless stories about how people's lives have been turned upside down following a job or home loss. Nonprofits and faith-based groups are working diligently to help those most affected by crisis to meet basic needs like food, clothing and shelter. These same charities report an increase in demand for their services while concurrently, given these difficult economic times, those who support them have had more demands placed on their resources.

While tough decisions must be made to tackle the nation's fiscal challenges, to discourage the public from participating in charitable giving by removing the tax deduction makes little sense. Americans are a giving people who will likely support worthy charities whether or not a charitable deduction exists, but the presence of a tax deduction logically encourages many people to give more.

At a time when government is reducing services and nonprofits are shouldering an increasing service load, charitable gifts are more essential than ever to meeting our communities' growing needs. We need to be working together to find more ways to encourage giving; thus, it is important to call on our elected representatives to retain at least the present level of charitable deduction in our tax code.

EDITOR'S NOTE: Judy Sjostedt is executive director of the Parkersburg Area Community Foundation.

<http://www.newsandsentinel.com/page/content.detail/id/576054/Don-t-eliminate-the-charitable-deduction.html?nav=5055>