



## Tax Reform Update

### Policy Brief and Call to Action

The White House has shared details about its tax plan revealing in broad strokes what the Trump Administration is framing as the biggest individual and business tax cut in American history. The information (below) provides a current snapshot of the President's proposal that deeply impact the charitable sector.

Included in the President's plan are the following items that directly affect the charitable sector:

- End itemized deductions (except mortgage interest, charitable contributions. Would include eliminating deduction for state and local taxes)
- Repeal the death / estate tax
- Double standard deduction, so married families pay zero taxes on first \$24K of income

Although the charitable deduction is being preserved in its current state, the repeal of the estate tax will impact charitable giving as will the doubling of the standard deduction.

Doubling the current standard deduction would wipe out the tax incentives for millions of people who rely upon this incentive to continue their charitable giving. Data suggests that only 5% of current itemizers would continue to do so and that charitable dollars would decrease anywhere from 10-20%.

As a result, many in the charitable giving community are sounding the warning bell to encourage lawmakers and the White House to take action. **The Forum Board on April 28, approved unanimously the recommendation that a non-itemized charitable deduction be made available to all taxpayers incentivizing giving by every American.**

#### [CALL TO ACTION:](#)

Members of the Ways and Means Committee are meeting now to discuss these proposals. We urge you to contact your Representatives and encourage them to offset the possible decrease in charitable giving that will result from some of these actions by providing the opportunity for all Americans to participate in the charitable deduction with an above the line deduction. Given all other changes and the belief that solutions belong to communities, a charitable deduction for all tax payers and not just those who would itemize aligns with the values of our democracy.

Hearings are also being held this week concerning the repeal of the Johnson Amendment so we also encourage you to continue to help lawmakers understand the true impact the proposed repeal of all or a portion of the Johnson Amendment will have on the nonprofit sector.

Here is the statement released by the National Council of Nonprofits which has some additional good language:

<https://www.councilofnonprofits.org/article/national-council-of-nonprofits-statement-proposed-tax-reform-outlines-effects-nonprofits>

Forum Position: Charitable Deduction

**The Forum of Regional Associations of Grantmakers supports making the charitable deduction available to all taxpayers, to incentivize and recognize the giving of all Americans.**

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Incentivize Giving By All Americans

The Forum of Regional Associations of Grantmakers supports a standard charitable deduction be made available to all taxpayers to incentivize giving by every American.

Research confirms that, regardless of income level, taxpayers who receive a deduction for their contributions give more to charities than those who do not receive a deduction. Expanding a tax incentive to all taxpayers would increase overall charitable giving in America. It would also offset any declines in charitable giving resulting from current tax reform proposals.

We are concerned about the impact that recent tax reform proposals would have on charitable giving in our country. Although current proposals would preserve the charitable deduction in its current state, research shows that proposed changes such as doubling the standard deduction, lowering the tax rates and eliminating the estate tax would have a negative impact on charitable giving.

Studies from highly regarded think tanks and universities, including Urban-Brookings Tax Policy Center, Tax Foundation, American Enterprise Institute and Indiana University, find—report after report—that charitable giving will **decline significantly** if the charitable tax deduction is limited or constrained.

The Forum is a network of nearly 60 regional and national philanthropy-serving organizations that collectively represent more than 7,000 charitable foundations and other grantmaking organizations across the country. Our network shares a strong belief in the power of philanthropy to improve every facet of people’s lives. We therefore urge all policymakers to support a charitable deduction that is available to all taxpayers.