

We Must Support America's Charitable Sector

November 4, 2009

Dear Colleague:

Please join us in protecting the full value of the charitable deduction by opposing any amendments to the health care reform bill that impose a cap on itemized deductions.

Currently, taxpayers earning more than \$200,000 (and families earning more than \$250,000) annually can take itemized charitable deductions at a rate equal to their marginal tax bracket (33 percent or 35 percent). There have been a number of recent efforts to reduce or cap the value of itemized deductions at 33 percent or 35 percent for taxpayers whose income tax brackets will increase to 36 percent or 39.6 percent in 2011 – therefore, separating the itemized deduction and tax rates for the first time in almost 100 years.

Most people do not make charitable donations solely in the interest of receiving a tax break, but Congress has long used the tax code to encourage charitable giving. During times of crisis, such as the natural disasters of Hurricane Katrina and the 2008 Midwest flooding, Congress passed charitable giving incentives to make it easier for Americans to give donations and support to nonprofits serving individuals, families, and communities in need.

Any caps on charitable deductions will send the wrong message to our nation's charities - including schools, museums, art and music centers, hospitals, places of worship and hundreds of thousands of social service nonprofits that serve those in need. These are the organizations that play a central role in educating, healing and enriching all of our home states and communities. As such, during debate of the FY 2010 Budget Resolution, 94 Senators voted in favor of protecting these charities and the full charitable tax deduction (Vote No. 138, 111th Congress).

Now is not the time for Congress to underestimate the challenges confronting our nation's charities. The Giving USA Foundation recently reported that the decline in total charitable giving in 2008 was the greatest drop since it began tracking U.S. charitable donations in 1956. This year, charities report that donations will likely be down even further. Analysis of a slightly larger reduction of the charitable tax deduction proposed earlier this year predicted that charitable giving would fall by another \$8 billion to \$16 billion annually.

We are confident that Americans will continue to be generous with their time and money to help the less fortunate, but the federal government must remain dedicated to encouraging private acts of charity and compassion, especially when our charities and the people they serve are facing so many challenges.

We hope that you will join us to preserve the full value of the charitable deduction and ensure that the unique American tradition of giving remains strong.

Sincerely,

John

Sam Brownback

Jim Bunning

John Cornyn

Orin Vitter

Byron Dorgan

Legislative

Paul Coburn

Kay Bailey Hutchison

J. Inhofe

Kit Bond

Mike Johanns

~~Robert~~

Jan E. Paul

Michael E. King

Susan Collins

Rev. F. Dennis

John Barrasso

Mike Croso

Jin Chung

~~James~~

John Eisner

Jim LeMond

Jeff Sessions

~~Joseph~~

Steve Hatfield

Chuck Grassley

Tom Coburn

George V. Voinovich

Sayby Clark

Judd Gregg
