



April 16, 2021

The Honorable Janet L. Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Yellen:

On behalf of the Charitable Giving Coalition, a diverse group representing America's charitable sector including public charities, private and community foundations and their grantees, as well as faith-based and other nonprofit organizations and the associations and umbrella groups that serve their needs, we write to urge you to protect the full value of the charitable deduction in any tax reform proposals you may be considering.

The charitable deduction is unique. It differs from other itemized deductions in that it encourages individuals to give away a portion of their income to those in need with no tangible benefit in return. It promotes a selfless act, incentivizing taxpayers to give more funds to charities than they would otherwise give.

The CGC is particularly concerned with the proposal to cap itemized deductions, including the charitable deduction, at 28 percent of adjusted gross income (AGI) for taxpayers making more than \$400,000 per year. Proposals to limit, cap or eliminate the deduction for charitable giving would have devastating effects on the nonprofit sector and the beneficiaries it serves. More so than with other deductions, taxpayers can and will adjust their levels of charitable contributions in response to tax code changes, especially at the higher end of the income scale. When a similar proposal was studied during the Obama Administration, researchers found a 28 percent cap on the charitable deduction could cost charities up to \$9.4 billion in the first year alone, based on 2011 giving numbers¹. Since 2011, individual charitable giving has grown by more than 40 percent, which suggests a similar cap could likely cost charities and their beneficiaries even more today.

Instead of limiting the incentive for charitable giving as charities struggle to raise funds to meet increased needs during the recovery and response to unprecedented crises, we encourage you to exempt the charitable deduction from your proposed cap for itemized deductions and instead work to advance policies that will increase charitable giving, such as expanding the temporary universal charitable deduction that was enacted as part of the CARES Act in 2020.

We look forward to working with your administration and Congress to advance policies that enable the charitable sector to do more good, and we are happy to be a resource to you and your staff regarding philanthropy and charitable giving.

Sincerely,

The Charitable Giving Coalition

¹ <https://www.aei.org/research-products/working-paper/the-great-recession-tax-policy-and-the-future-of-charity-in-america/>