Charities Urge Congress to Vote NO on Tax Reform Bill

FOR IMMEDIATE RELEASE – November 14, 2017
Contact:  Linda M. Czipo
732-227-0800   lczipo @ njnonprofits.org

Mercerville, NJ - Citing the “devastating” impact on New Jersey’s charities and the communities they serve, the state’s leading umbrella organization for non-profits today called on members of Congress to reject the tax reform bills currently being fast-tracked through each chamber.

“The House and Senate tax bills are complex and differ in many key respects, but they have one important thing in common,” stated Linda Czipo, President & CEO of the Center for Non-Profits. “Both are harmful for New Jersey’s charities and all of us who turn to them for programs, services and protection. We urge Congress to take a step back and craft a package that would better serve New Jerseyans and communities nationwide.”

The Center called attention to several provisions that it said would be “extremely damaging” to New Jersey’s charities and the people and communities they serve.

1) **Less incentive to give to charity** – Under current law and the proposed bills, the charitable giving deduction is only available to taxpayers who itemize deductions on their tax returns. Both bills would increase the standard deduction for individuals (to $12,000), couples (to $24,000), and heads of households (to $18,000). As a result, the percentage of taxpayers who itemize on their returns would shrink from 30% of taxpayers to only 5%. Although technically the charitable giving deduction remains intact in each bill, far fewer households will be able to use it, resulting in an estimated $13 billion drop in charitable giving every year according to the Lilly Family School of Philanthropy at Indiana University. Provisions sought by a broad coalition of non-profit advocates to broaden the charitable giving incentive to non-itemizers were not included in either bill.

2) **House Bill Threatens Non-Profit Nonpartisanship** – The House bill would allow 501(c)(3) organizations to endorse candidates and engage in partisan political speech as long as such speech is “in the ordinary course of the organization’s regular and customary activities in carrying out its exempt purpose,” and it incurs no more than “de minimis” expenses in doing so. It would significantly weaken the existing law, known as the Johnson Amendment, which for more than 60 years has allowed charitable non-profits, houses of worship, and foundations to work in communities free from partisan pressures, divisions, and interference. Over 5,500 organizations nationwide, along with thousands of religious leaders, faith organizations, law enforcement, and the vast majority of the general public, oppose weakening the Johnson Amendment. The nonpartisan Joint Committee on Taxation (JCT) estimates that the House language would cost the federal government $2.1 billion over a decade because donors would divert their political donations to political churches and charitable non-profits in order to claim charitable tax deductions.

3) **Estate Tax Phaseout** – Both bills would immediately double the estate tax threshold from its current level of $11 million per couple ($5.5 million per individual) to $22 million ($11 million per individual). In addition, the House bill would phase out the estate tax completely in six years. The JCT estimates that the House bill would cost the Treasury $150 billion over 10 years. Even under (more)
current law, the estate tax only affects less than 1% of estates. There is also deep concern that narrowing or repealing the estate tax would reduce the incentive to make planned legacy gifts to charities and would adversely affect charitable bequests.

4) **State and Local Tax (SALT) Deductions** – In a provision that is especially harmful to New Jersey, the House bill would end the deductibility of state and local income taxes and would cap property tax deductions at $10,000. Meanwhile, the Senate bill would **completely eliminate** all state and local tax deductions without any exceptions. As New Jersey Policy Perspective reports, this change would hurt **thousands of New Jersey families** across a wide range of income levels. The Center on Budget and Policy Priorities has identified a number of ways in which state and local governments nationwide, and disproportionately in states like New Jersey, would be **negatively affected**. The resulting pressure on state and local governments to enact tax and spending cuts would lead to likely elimination of key programs serving people in need and would add impossible expectations for charitable non-profits and foundations to fill the gaps.

“We appreciate and support the goal of a simplified tax system that gives all Americans the opportunity to prosper,” noted Czipo, “but these bills do not achieve those ends. We hope New Jersey’s delegation will stand strong and insist on a better package.”

*Founded in 1982, the Center for Non-Profits is a charitable umbrella organization serving New Jersey’s non-profit community. The Center’s mission is to build the power of New Jersey’s non-profit community by serving as the premier voice and comprehensive resource for and about our sector. Through public education, management and compliance assistance, publications, workshops, and member services, the Center strengthens non-profits, individually and collectively, in order to improve the quality of life for the people of our state. For more information, visit the Center’s Website, [www.njnonprofits.org](http://www.njnonprofits.org), or call (732) 227-0800.*

###

[3635 Quakerbridge Road, Suite 35, Mercerville, NJ 08619](http://www.njnonprofits.org)  
732-227-0800 | [www.njnonprofits.org](http://www.njnonprofits.org) | center@njnonprofits.org

[@njnonprofits](http://www.njnonprofits.org)  
[@NJ_Nonprofits](http://www.njnonprofits.org)  
company/center-for-nonprofits  
[@njnonprofits](http://www.njnonprofits.org)  
[www.njnonprofits.org/blog](http://www.njnonprofits.org/blog)