February 16, 2017

The Honorable Cory Booker
United States Senator
141 Hart Senate Office Building
Washington, DC 20510

Re: NJ Non-Profit Community Letter in Support of Federal Charitable Giving Incentives

Dear Senator Booker:

On behalf of the Center for Non-Profits, New Jersey’s umbrella organization for our state’s charitable community, I am writing to express the concerns of charitable non-profits as the 115th Congress considers comprehensive federal tax reform. Multiple elements of the Internal Revenue Code affect the operations and resources of charitable non-profits, including individual tax rates, the standard deduction, the estate tax, and many more. All are extremely important and must be resolved in the context of other changes. This letter is focused on the primary charitable giving tax incentive – the charitable deduction. We seek your support in not only protecting it, but also enhancing it as a viable tool for encouraging individuals to give back to their communities through the work of charitable non-profits.

As you know, non-profits classified as 501(c)(3) organizations under the Internal Revenue Code provide valuable services for your constituents throughout New Jersey. Indeed, we work and live in every community in the state, addressing critical needs, strengthening the economy, and improving the quality of life for all. Nearly one in 10 New Jerseyans works for a charitable non-profit, more than in banking, insurance, construction, and many other major industries. As taxpayers, as providers of essential services in communities, and as partners with governments in strengthening New Jersey, we are very interested in ensuring that federal tax reforms improve and do not undermine our ability to serve our state’s residents every day.

We are concerned about reports that Congress could limit, alter, or diminish the impact of the current itemized deduction for charitable donations. This year marks the 100th anniversary of the enactment of the charitable deduction, an incentive that encourages individuals to give to charitable organizations whose missions they support. Over the past century, the incentive has generated critical resources to further the work of domestic violence shelters, early childhood programs, food banks, school alumni groups, churches and synagogues, and all other charitable non-profits.

Unfortunately, non-profits are straining under the weight of skyrocketing demand for services and resources that have not kept pace with the steadily escalating costs of providing programs and services that our communities need. Moreover, in New Jersey, the most recent IRS data available indicate that charitable giving, as measured by federal charitable tax deductions claimed by New Jersey households, was still below 2007 pre-recession levels in 2014.

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For the sake of our communities, we ask that you keep this question before you as tax policy proposals are presented:

Does a potential tax policy enhance, or does it undermine, the ability of individuals to secure essential services, to access the programs and activities that enhance their quality of life, and uplift the spirit of faith, innovation, and inspiration in communities across New Jersey?

Numerous proposals would actually undermine this work. In particular, capping all itemized deductions, including charitable giving, would effectively take away incentives for donations (because other itemized deductions are likely fixed costs for individuals) and would further reduce the ability of charitable organizations to meet the increasing need for services in their communities.

Charitable non-profits in New Jersey and throughout the United States are dedicated to the public good; our work improves lives, strengthens communities and the economy, and lightens the burdens of government, taxpayers, and society as a whole. Maintaining the value of the charitable deduction is essential to the ongoing work of charitable non-profits in delivering essential services, enhancing quality of life, and uplifting the spirit of faith, innovation, and inspiration in local communities across America. It is imperative that Congress make no change to the charitable deduction that could endanger the ability of non-profit organizations to serve those most in need and to continue to strengthen local communities across America.

Indeed, there is a way for Congress to actually enhance the charitable giving incentive. You could expand it so the incentive is available to all Americans by making it universally available through a non-itemizer deduction.

We ask you to support our communities by standing firm in support of federal tax law incentives for charitable giving.

Very truly yours,

Linda M. Czipo
President & CEO