



Capital Chapter, Government Relations Update:

There is no new local California legislation that might impact our sector that has come to our attention in the last few weeks. However, a lot has been happening in Washington, D.C. over the past few weeks. The following is a summation of a recent report from AFP International, specifically with respect to their monitoring of recent federal tax proposals. As you can read for your yourself, there is a mix of both positive and concerning views with respect to current proposals.

“Through our contacts with key Congressional staff and members, our work with our partners in the Charitable Giving Coalition, and the AFP Political Action Committee, AFP is advocating strongly for the creation of a universal deduction (see below) that would allow anyone to take a charitable deduction, regardless of whether they itemize or take the standard deduction. [New research](#) conducted by the Indiana University Lilly Family School of Philanthropy found that the current tax policy changes proposed by Congress and the Administration would reduce charitable giving by up to \$13.1 billion.

The study used the 2014 Tax Reform Act introduced by then House Ways and Means Committee Chairman Dave Camp (R-MI) to estimate the potential effects of tax policies on charitable giving. The tax proposal released by the Administration last month and the Republican legislators’ proposal both closely mirror the Camp proposal with respect to reducing the top marginal tax rate and increasing the standard deduction.

On the other hand, researchers also found that adding a charitable deduction for non-itemizing taxpayers (a universal deduction) to the policy proposals would likely more than offset the loss in charitable giving from the proposals and generate up to \$4.8 billion in additional charitable giving.

Among the study’s key findings:

- Extending the charitable deduction to non-itemizing taxpayers by itself, without the other proposals (e.g., increasing the standard deduction), could generate up to \$12.2 billion in additional giving.
- Reducing the top tax rate to 35 percent and increasing the standard deduction combined have the potential to REDUCE charitable giving by up to an estimated \$13.1 billion.

- The study estimates that those two proposals (reducing the top tax rate to 35 percent and increasing the standard deduction) combined would reduce charitable giving to religious congregations by up to 4.7% and reduce giving to other charitable organizations by up to 4.4%.
- If enacted separately, either of these proposals (reducing the top tax rate or increasing the standard deduction) would reduce charitable giving.”

Please let us know how we can best serve you and/or volunteer to help out on the Government Relations Committee by contacting John Adams at john@casadorado.org