

In Fine Print of Fiscal Debate, Charities Unite to Defend Deductions

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Proposals to cap or otherwise limit deductions in order to raise tax revenue from the wealthy are gaining bipartisan support in Washington — and making charities and nonprofits very worried.

Concerned that special tax benefits to encourage Americans to give to charity might be significantly curtailed in the negotiations between President Obama and Speaker John A. Boehner, scores of nonprofit leaders came to Washington this week for a coordinated lobbying effort.

“Normally, every nonprofit is focused on its own particular mission, whether saving the environment, or helping children, or imbuing a greater appreciation for art,” said Diana Aviv, the chief executive of Independent Sector, an umbrella group for nonprofits that helped organize this week’s effort. “For the first time, I’ve seen the sector coming together. We’re like Rip Van Winkle waking up and saying, This is not O.K.!”

At stake is the \$300 billion that Americans donate to nonprofits every year — and the \$50 billion a year that tax deductions for charitable giving costs the government.

Both Republicans and Democrats say they want to maintain tax laws that encourage Americans to give money to nonprofit groups. But with the White House looking to raise an additional \$1.6 trillion in revenue over 10 years, and Republicans looking to raise \$800 billion, there is growing bipartisan support for peeling back some of the special breaks for high-income households.

That prospect has spurred Ms. Aviv and other nonprofit leaders to meet with high-ranking Obama aides for what participants described as a passionate discussion — if one largely about arcane matters.

The charity participants laid out their fears about lost revenue and abrogated programs, even if donations only dip at the margins.

... The Obama administration said that concerns over charitable giving are driving its push to get Republicans to allow the Bush-era tax cuts to expire for income over \$250,000 a year. To raise \$800 billion in tax revenue from the wealthy solely by scrubbing the code clean would require eradicating too much of the incentive for charitable giving, it said.

“You cannot get the kind of revenue that you need simply from capping deductions or closing loopholes without taxing the heck out of the middle class — and that’s unacceptable for the president — or without ending the charitable deduction or doing other things that would never fly on Capitol Hill, for good economic as well as political reasons,” said Jay Carney, the White House press secretary.

This week, at least one person came away convinced of the White House’s logic.

“If nonprofit leaders don’t want changes to the charitable deduction, it is imperative that we get behind the president’s call for higher tax rates on the wealthy,” said Aaron Dorfman of the National Committee for Responsive Philanthropy in a statement.

“The majority of nonprofits know this is true,” Mr. Dorfman said, “and I urge the hundreds of nonprofit leaders who have traveled to our nation’s capital for visits with members of Congress today to clearly advocate for higher tax rates on the wealthy in addition to their advocacy in opposition to any changes to the charitable deduction.”

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