

Forefront and Arts Alliance Illinois issue joint statement supporting a universal charitable tax deduction

Leading Illinois organizations urge Congress to protect charitable giving incentives threatened by current tax reform proposals

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High-resolution images available upon request

CHICAGO – **Forefront**, Illinois’ statewide association for nonprofits and grantmakers, and **Arts Alliance Illinois**, the state’s organization advocating for the creative sector, jointly call on all members of the Illinois congressional delegation to **support extending the charitable tax deduction to all U.S. taxpayers**. Both organizations agree that a universal charitable deduction, which would protect and expand a vital federal tax incentive for individual giving, is both necessary and overdue. The Alliance and Forefront urge the Senate to add (S. 2123 / H.R. 3988), the legislation proposed by Senator James Lankford (R-OK) and Representative Mark Walker (R-NC), as a Senate floor amendment.

“The U.S. Senate is now deciding the fate of federal tax reform, and the health of the nonprofit sector is at stake,” says Eric Weinheimer, President and CEO of Forefront. “Will charities suffer as the result of tax reform, or will Congress take advantage of this historic opportunity to further affirm and encourage charitable giving by more Americans?”

Both the House and Senate tax reform proposals weaken a core incentive to give to nonprofits. The proposals would nearly double the standard deduction, to \$24,000 for married taxpayers filing jointly and \$12,000 for single filers. Indiana University’s Lilly Family School of Philanthropy [estimates](#) that the number of taxpayers that will itemize in order to receive the charitable deduction would decrease from the current 30 percent to five percent.

According to [research](#) conducted by the Urban-Brookings Tax Policy Center, the tax reform proposals currently before the Senate would decrease individual giving nationally by as much as \$20 billion in 2018, a contraction likely to continue at similar levels in subsequent years. **The proposals would lead to an annual loss of more than \$340 million in charitable giving in the Chicago metro area alone**, based on numbers from the previously referenced [Lilly study](#).

“Illinois nonprofit arts organizations would pay a particularly heavy price,” says Claire Rice, Executive Director of Arts Alliance Illinois. “Individual giving accounts for [30 to 60 percent](#) of the budget of a typical cultural organization. These donations, many of them given in modest amounts, are essential to the work of the nonprofit arts community, which strengthens the vitality of neighborhoods, encourages local spending, bridges cultural differences, and provides tomorrow’s workforce with the creative skills necessary to spur economic growth across the state.”

Joint statement supporting a universal charitable tax deduction

Beyond generating revenue, a nation's tax code expresses its values and goals. If we believe that individual giving is an engine of positive social change, as well as a key complement to public funding and corporate support for nonprofits, then our tax code must clearly reflect this belief. **Donors make philanthropic choices based on a host of factors, perhaps most commonly the stated mission of an organization, but while we would prefer to view giving as entirely altruistic, the fact is that tax incentives also play an important role.**

Verifiable and bipartisan research supports our position. For example, in [studies](#) conducted every two years by the U.S. Trust and Indiana University's Lilly Family School of Philanthropy, roughly 47 percent of survey respondents have said they would decrease their charitable giving if the charitable deduction were eliminated. This response grew to 67 percent, however, in 2009, when the charitable deduction was under threat. Moreover, a [study](#) by the Congressional Budget Office itself reported that the amount a donor gives is responsive to charitable giving incentives.

Rather than hinder charitable giving, Congress should take this historic opportunity to incentivize it further. This year marks the 100th anniversary of the charitable tax deduction, and Congress should extend the deduction to 100 percent of taxpayers, whether or not they itemize.

A universal charitable deduction would make the tax system simpler and more equitable, as all taxpayers could claim the deduction without the more extensive and time-consuming itemization process that is often the choice of those with greater assets and resources. In addition, unlike the proposals currently under consideration by the Senate, which would reduce access to the deduction to only five percent of taxpayers, a universal charitable deduction would be available to *all* taxpayers.

Most importantly, a universal charitable deduction would boost giving to nonprofits by [nearly \\$5 billion per year](#), leveraging additional funds and enabling arts organizations and other nonprofits to create and expand programs that address our society's most pressing and urgent problems.

Now more than ever, we must spur investment in nonprofit organizations, including but not limited to those in arts and culture. **We urge Congress to incorporate a universal charitable tax deduction into any final tax reform it approves.**

—Eric Weinheimer on behalf of Forefront and Claire Rice on behalf of Arts Alliance Illinois

About Forefront

Forefront builds a vibrant social impact sector for all the people of Illinois. Forefront is Illinois' statewide association for nonprofits, grantmakers, public agencies, advisors, and our social impact allies. Forefront provides education, advocacy, thought leadership, and facilitates collective action around issues that are important to its members and to the sector. Visit myforefront.org to learn more.

About Arts Alliance Illinois

Formed in 1982 by a small group of artists and arts administrators, today Arts Alliance Illinois advances widespread support for arts and culture, fostering a climate in which the broadest spectrum of creative expression can flourish. Through statewide advocacy and civic engagement, cultural equity programs, and arts education policy, the Alliance works toward a world where people acknowledge that the arts enhance their quality of life, fuel creativity and innovation, sharpen the state's competitive edge, attract and retain talent, promote cross-cultural understanding, aid in solving civic and social issues, and keep Illinois nationally and globally connected. Visit artsalliance.org to learn more.

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