



February 14, 2013

House Ways and Means Committee
1102 Longworth House Office Building
Washington DC 20515

Following is a statement from Florida Philanthropic Network for the Ways and Means Committee's February 14, 2013 Hearing on Tax Reform and Charitable Contributions.

The statement is being submitted by:

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Florida Philanthropic Network is a statewide association of grantmakers working to build philanthropy to build a better Florida. FPN's members are private independent, corporate and family foundations, community foundations and corporate giving programs — from Miami to Jacksonville; Naples to Pensacola — who hold over \$6.5 billion in assets (excluding members located outside Florida) and invest over \$430 million annually to improve the quality of life for our residents and communities. Our members share a commitment to promoting philanthropy, fostering collaboration and advancing public policy by Florida, in Florida.

Statement Follows:

Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Camp and Ranking Member Levin:

On behalf of thousands of Floridians helped by foundations and nonprofit organizations, Florida Philanthropic Network urges you to protect the full incentive of the charitable deduction.

As the membership association representing a broad cross-section of charitable foundations and corporate givers from across Florida, Florida Philanthropic Network hears many stories about how limitations on the charitable deduction would have long-lasting negative consequences for the charities that Floridians rely on for vital programs and services. Several reputable studies have shown a link between the charitable deduction and the level of charitable giving. It has been estimated that with no charitable deduction, annual giving would decrease by 25 to 36 percent. A survey conducted by United Way Worldwide in November revealed that nearly one-third of Americans (30 percent) said they would have to reduce their charitable contributions without tax incentives — and most said they would have to cut back on their donations by a “significant amount.” Furthermore, the vast majority of Americans (79 percent) believe reducing or eliminating the charitable tax deduction would have a negative impact on charities and the people they serve.

People give to worthwhile causes for many reasons — incentives such as the charitable deduction being among them. A Network for Good study reported that more than 20 percent of online giving for the entire year occurs on December 30 and 31, demonstrating that tax incentives are on the minds of donors.

We are particularly concerned by proposals to set a ceiling on all itemized deductions, including charitable giving, which would effectively eliminate the incentive for donations. To illustrate, policymakers have discussed setting a cap of \$15,000 or \$20,000 as the maximum amount an individual could deduct. But Floridians’ average deductions for mortgage, real estate taxes, and state/local income taxes total nearly \$28,000, according to figures compiled by The Wall Street Journal, thereby making the charitable deduction irrelevant.

It is important to remember that limiting the charitable deduction will affect Floridians at all income levels who give to charity. More than half — 52 percent — of Floridians who used the charitable deduction in 2010 had an annual income of less than \$75,000. And more than half — 56 percent — of the charitable dollars reported on Floridians’ federal tax returns were from people earning less than \$200,000 per year.¹

The past few years have been incredibly challenging for Florida’s charities. Just since 2008 we have seen charitable giving decline by more than \$2.4 billion in Florida, as Floridians struggle to navigate a difficult economy. Federal and state budget cuts have further overburdened and diminished the capacity of

¹ IRS, Statistics of Income Division, Individual Master File System, December 2011.

nonprofits and disproportionately affected those least able to help themselves. It is simply untenable to ask that they also endure the inevitable reductions in nonprofit programs and services that will be driven by a cap on the charitable deduction. Now more than ever, public policies should encourage more charitable giving, not less.

The charitable deduction is different than other provisions in the tax code in that it encourages individuals to give away a portion of their income to those in need. It rewards a selfless act, and it encourages taxpayers to give more funds to charities than they would otherwise have given. To limit the charitable deduction would be to limit our spirit of philanthropy at a time where the demand for charitable services is at its peak, and would adversely affect the less fortunate in Florida in deep and direct ways.

It is also important to note that the nonprofit sector is Florida's fourth-largest employer among all industry sectors, representing 5 percent of the state's workforce, according to FPN's "Florida's Nonprofit Sector: An Economic Force" report. There couldn't be a worse time to take any action that would not only result in fewer people in need being served but more Floridians being unemployed.

We should be doing everything we can to support the nonprofit community and its impact on our well-being and our economy in Florida. That means preserving the full deduction for charitable giving for all taxpayers, so we can continue to invest in programs that enhance the quality of life and vitality of all of our communities.

Regards,

A handwritten signature in black ink that reads "David Biemesderfer". The signature is written in a cursive style with a large, sweeping initial "D".

David Biemesderfer
President & CEO
Florida Philanthropic Network