

**Statement of  
The Leukemia & Lymphoma Society  
submitted to  
House Committee on Ways and Means  
in connection with its hearing on  
tax reform and the charitable contribution deduction on  
February 14, 2013**

Mr. Chairman and Members of the Committee on Ways and Means,

The Leukemia & Lymphoma Society (LLS) appreciates the opportunity to submit this written testimony in connection with the hearing before the Committee on Ways and Means (Committee) concerning tax reform and the federal income tax itemized deduction for charitable contributions.

**Background**

LLS is a tax-exempt public charity (described in IRC Section 501(c)(3)) that is the world's largest voluntary health organization dedicated to the eradication of blood cancer, with an estimated three million volunteer workers who contribute their time to the organization. The mission of LLS is to cure the more than one million Americans afflicted with leukemia, lymphoma, Hodgkin's disease and myeloma. Since its inception, LLS has funded nearly one billion dollars in lifesaving research which has led to innovative therapies that have greatly improved the prognosis for many blood cancers. LLS also provides free information and support services to patients with blood cancer, helping them live longer, better, healthier lives. Without the charitable contributions it receives, LLS would be incapable of meeting its mission.

**Executive Summary of Position**

LLS implores lawmakers, in their consideration of tax reform, to not diminish the charitable contribution deduction available to individuals who itemize their deductions. A reduction to, or worse, elimination of the current charitable deduction would drastically decrease philanthropic funding to LLS, thereby seriously impacting, if not eliminating, the ability of LLS to continue to improve lives, find cures for blood cancer and related conditions, increase access to diagnosis and early treatment of blood cancer, and provide support to individuals with these conditions.

**Charitable Work of LLS**

LLS, through its receipt of charitable donations, is able to engage in research, community outreach, patient services, and public education that would not otherwise be available for blood cancer patients and their caregivers. When LLS was founded in 1949, a blood cancer diagnosis was almost always fatal. LLS has contributed importantly to the fact that this is no longer the case.

LLS proactively advances the accurate diagnosis and timely treatment of blood cancers and cures for these diseases through academic research, and by building public-private partnerships and collaborations with other organizations. LLS-funded research has directly led to the creation of innovative new treatments and greatly improved the outcomes for blood cancer patients.

LLS serves as a critical resource for patients through its education programs regarding the latest individual therapy options, clinical trials, and patient support services, all to guide and assist patients through their cancer journey. LLS provides support and education to caregivers of cancer patients, through specially designed programs. These programs include linking caregivers to emotional support, helping them balance the various demands in their lives, educating them on long-distance caregiving, and helping them with the bereavement process.

LLS's philanthropic mission includes the education of healthcare professionals regarding their care of individuals living with blood cancer. LLS sponsors a range of free, live conferences, webcasts and teleconferences for healthcare professionals. It also sponsors online continuing education programs to assist healthcare professionals in staying up-to-date on technologies and treatments, in addition to meeting their licensing requirements.

### **Policy Underlying Charitable Deduction**

In considering the charitable contribution deduction, it is important to appreciate the fundamental national public policy underlying the concept of charitable giving and the charitable sector. The charitable sector is a vibrant part of American society, America's care of its citizens, and its economy. A charitable sector is one of the hallmarks of a civil society and a democracy. Americans have traditionally been encouraged to make charitable gifts by the structure of our nation's income tax system, which allows taxpayers to take a deduction in computing their taxable income, in the amount of their gifts to charitable organizations. As a result, America is distinguished from most other countries with its philanthropy and charities historically comprising at least 5% of the GDP. In turn, charitable organizations fill a gap between the government and private businesses and provide aid, education, care and other services to individuals, many of whom would have to go without such aid or services were it not for these charities.

Charitable organizations, which are sustained through their tax exemption and nurtured by an ongoing flow of deductible contributions, reflect the American philosophy that not all policy-making and problem-solving should be reposed in the governmental sector. This doctrine regarding the charitable sector and the rationale for its exemption from taxes is reflected in a 1939 report published by the Committee as part of the legislative history of the Revenue Act of 1938, which states:

The exemption from taxation of money or property devoted to charitable and other purposes is based upon the theory that the government is compensated for the loss of revenue by its relief from financial burden which would otherwise have to be met by appropriations from public funds, and by the benefits resulting from the promotion of the general welfare.<sup>1</sup>

There is also the principle of “voluntarism” at the heart of philanthropy and the charitable sector. This principle was expressed as follows:

Voluntarism has been responsible for the creation and maintenance of churches, schools, colleges, universities, laboratories, hospitals, libraries, museums, and the performing arts; voluntarism has given rise to the public and private health and welfare systems and many other functions and services that are now an integral part of the American civilization. In no other country has private philanthropy become so vital a part of the national culture or so effective an instrument in prodding government to closer attention to social needs.<sup>2</sup>

The Secretary of the Treasury testified before the Committee in 1973, observing:

These organizations [which he termed “voluntary charities, which depend heavily on gifts and bequests”] are an important influence for diversity and a bulwark against over-reliance on big government. The tax privileges extended to these institutions were purged of abuse in 1969 and we believe the existing deductions for charitable gifts and bequests are an appropriate way to encourage those institutions. We believe the public accepts them as fair.<sup>3</sup>

A charitable deduction has been an element of the American individual income tax system since 1917. Thus, private philanthropy through deductible charitable contributions has long been a part of the United States’ tax system, without any severe limitations as to amount.<sup>4</sup>

LLS submits that it is incorrect to regard the charitable contribution deduction as anything other than a reflection of America’s encouragement of charitable giving and its policy to create and support the charitable sector. Congress is not merely “giving” eligible charitable organizations any

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<sup>1</sup> H. Rep. No. 1860, 75th Cong., 2d Sess. 19 (1939).

<sup>2</sup> Fink, Taxation and Philanthropy – A 1976 Perspective,” 3 J. Coll & Univ. L. 1, 6-7 (1975).

<sup>3</sup> Department of the Treasury, *Proposals for Tax Change*, April 30, 1973.

<sup>4</sup> Currently, individuals may generally deduct charitable contributions up to 50 percent of their “contribution base” (essentially, their adjusted gross income) and carry the excess forward for up to five years.

benefits; the charitable deduction is not a “loophole,” a “preference,” or a “subsidy,” nor is it an “indirect appropriation.” Rather, the Internal Revenue Code provisions that allow for the charitable contribution deduction are a reflection of the affirmative policy of the American government to refrain from inhibiting the beneficial activities of qualified tax-exempt, charitable organizations acting to serve the needs of the public.

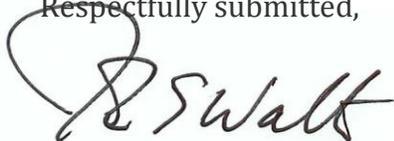
### **Impact of Charitable Deduction Limitations Upon LLS**

Charitable giving to LLS reinforces these charitable giving policy considerations provided with this testimony. Historically, the vast majority of LLS’s annual income has been in the form of charitable contributions from individuals and businesses, and grants from private foundations (which were themselves eligible recipients of deductible charitable gifts). LLS believes that receiving a charitable contribution deduction is a significant motivating factor for donors making these gifts.

Without LLS, Americans would not have a central resource to which they can turn for support and information in dealing with their blood cancer or the cancer experienced by loved ones. Without charitable contributions, there would be fewer LLS-funded discoveries leading to therapies that allow patients to live longer, better, healthier lives. Thus, LLS strongly encourages lawmakers to not take action that would serve to diminish, or worse, eliminate the itemized deduction for charitable contributions, which in turn would discourage the private philanthropy on which LLS and other charitable organizations were established and are sustained.

Thank you for your consideration of this vital issue. LLS would be happy to provide the Committee with any additional information that may help its consideration of this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Swalt", with a large, stylized initial "J" that loops around the start of the name.

John Walter  
President & Chief Executive Officer  
The Leukemia & Lymphoma Society