



Date: 12/14/2009

Bill #: SB 10-(?)

Title: Charitable Contribution Subtraction

Primary Sponsors: Sen. Shawn Mitchell (R-Broomfield), Rep. Christine Scanlan (D-Dillon)

Status: Drafting

Fiscal Impact: TBD

Recommended Action: ACTIVELY SUPPORT

Summary:

This bill would make the Colorado charitable contribution subtraction permanent from 2011 onward and remove the requirement for a minimum level of TABOR surplus revenue. The charitable contribution subtraction allows individual taxpayers to deduct their charitable giving on their state tax returns if they do not itemize their charitable contributions on their federal tax returns. The subtraction provides tax benefits to non-itemizing taxpayers beyond the federal standard deduction by allowing them to deduct annual charitable giving in excess of \$500 from state tax liability. About 60% of Colorado taxpayers are non-itemizers.

With the passage of HB 05-1125, the charitable contribution subtraction is in effect from 2005-2010 for the duration of Referendum C. In 2011, it would only be in effect for years where TABOR surplus revenue exceeds \$100 million (adjusted for inflation). This bill would ensure that the charitable contribution subtraction is in effect from 2011 onward and removes the TABOR surplus revenue trigger.

- In 2008, nearly 74,000 Colorado taxpayers used the subtraction and reported nearly \$99.9 million in charitable giving (Colorado Department of Revenue)
- The charitable contribution subtraction allows Colorado's non-itemizing taxpayers to enjoy similar tax benefits as itemizers for their contributions.
- Making the subtraction permanent ensures that non-itemizers can enjoy tax benefits for their contributions every year
- Ensuring consistent tax benefits for non-itemizers will help boost charitable giving. According to the latest available data, Coloradans gave 3.1% of their income to charities and Colorado ranks 38th among states in charitable giving. Increasing charitable giving to the national average of 3.4% would result in \$489 million in additional revenue per year for charities (Colorado Nonprofit Association. *The State of Giving 2008*).
- Increased giving would provide charities with additional resources to meet increased demand for services resulting from the economic downturn. 43% of nonprofits surveyed in February 2009 reported that the economy has negatively impacted their program plans while about 70% expect increased demand for services in 2009.

For more information on this bill, contact Edie Busam at (303) 832-1472, ebusam@aol.com or Mark Turner at (303) 832-5710/(800) 333-6554 x 203, mturner@coloradononprofits.org

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