November 13, 2012

The Honorable Mark Udall
United States Senate
Hart Senate Office Building, SH-328
Washington, DC 20510-0001

Dear Senator Udall,

Colorado Nonprofit Association appreciates the challenging task that Congress and the President face addressing the “fiscal cliff.” While Congress has difficult choices, we urge you to preserve the charitable deduction and tax incentives for giving at this time. The economy has caused a dramatic and sustained increase in demand for nonprofit services. Reducing giving incentives only diminishes the ability of nonprofits to meet these social needs.

While tax incentives may be less important to some donors, incentives are more important in influencing the amount and timing of the gift particularly for high income donors. A 2011 Colorado Nonprofits Association study entitled Understanding Giving: Beliefs and Behaviors of Colorado’s Donors (www.coloradononprofits.org/understandinggiving.cfm), which surveyed 700 Coloradans on their giving practices, found:

- While 38 percent of respondents overall indicated that tax benefits are an important reason for giving, 59 percent of respondents with annual incomes exceeding $100,000 indicated that tax benefits are important.
- For itemizing taxpayers, 49 percent surveyed indicated that tax benefits are important.

Nationally, taxpayers with adjusted gross income exceeding $100,000 accounted for about 58 percent of all charitable giving in 2008 according to the Congressional Budget Office (www.cbo.gov/fypdocs/124xx/doc12480/10-18-charitableTestimony.pdf).

In October 2011, the Center on Philanthropy at Indiana University released a study of the impact of capping charitable deductions and allowing other tax incentives to expire. The Center concluded:

High-earning households are disproportionately responsible for individual charitable gifts when compared to other taxpayers, and federal tax policy impacts the giving habits of these households. In the current fiscal environment, charities are realizing reductions in funding from traditional sources including government grants, fees for services, income from investments and other sources. Disincentives for individuals to engage in charitable giving may place additional strain on the nonprofit sector, which could, in turn, curtail the nonprofit sector’s ability to meet its social responsibilities in times of increased need.


Serving nonprofits. Strengthening communities.
Colorado’s 19,000 public charities strengthen our communities and help people face the challenges of our recovering economy. We are a vital partner in helping to see Colorado through these difficult times. We urge you to protect the charitable giving incentive and continue to support the strength of Colorado nonprofits.

Sincerely,

Renny Fagan  Rebecca Arno
President and CEO  Chair, Board of Directors