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April 12, 2013

Cascade AIDS Project



Representative Jennifer Ann Williamson
Oregon House of Representatives
900 Court Street NE
Salem, Oregon 97301

Dear Representative Williamson:

Cascade AIDS Project is aware that the Oregon House and Senate Revenue Committees are considering cuts in state spending and reforms to tax laws. Those changes could undermine the ability of nonprofits to maintain--and expand--much-needed programs and services, especially with the increased demands resulting from the still anemic economy. Additionally, policy choices being made at the federal level could significantly compound the damage to nonprofits if Oregon's charitable deduction is changed. Charitable nonprofits across Oregon must be able to count on the current Oregon tax incentives for charitable giving if the expectation of policymakers is that nonprofit organizations will be there to serve their communities.

Cascade AIDS Project is very concerned by the multiple tax reform bills before the Oregon Legislature that would sunset, eliminate, or cap at \$30,000 all itemized deductions, including the charitable giving incentive. We strongly believe that the charitable deduction should not be considered a part of tax reform. It is not a loophole in the tax code, but a lifeline that encourages individuals to give more than they would otherwise give.

Studies have concluded that limiting or disallowing a deduction for charitable giving will have a permanent negative effect on giving to charities. In May 2011, the Congressional Budget Office studied the issue of modifications to tax law regarding charitable giving in the paper *Options for Changing the Tax Treatment of Charitable Giving*. That paper found that "although those various motivations may prompt different kinds of responses to incentives for charitable giving, studies have generally found that the amount of giving is responsive to changes in the after-tax price of giving." Additionally, a paper published in *the National Tax Journal* in June 2011 titled *How Does Charitable Giving Respond to Incentives and Income? New Estimates from Panel Data* concludes that "peoples' decisions about how much to donate to charity are influenced significantly by tax incentives." Simply put, curtailing charitable deductions reduces available funding to nonprofits, which in turn reduces important services to our communities.

Please fully understand the impact to nonprofits and the communities we serve before making changes that would undermine our ability to maintain much-needed programs and services. We ask that you join us in support of preserving the charitable deduction by exempting it from any tax reform legislation.

Sincerely,

Mary Marshall
Interim Executive Director