



ISSUE PAPER

# Maintain Current Law on Charitable Deduction Rates

**Position:** The Council strongly supports maintaining the current law on itemized charitable deductions.

**Background:** President Obama's fiscal 2010 budget blueprint calls for tax changes that would affect individuals and families in the highest two tax brackets. The proposal includes reducing the value of itemized deductions that families earning more than \$250,000 or individuals earning more than \$200,000 can take in charitable donations, state and local taxes, and real estate expenses. This change is to help pay for health care reform. Specifically, the budget outline proposes to cap the tax break at 28 percent for itemized charitable deductions (the budget also proposes increasing the top marginal rates from 33 to 36 percent and from 35 to 39.6 percent).

**Rationale:** A reduction in the charitable deduction rate will reduce the current incentive for donors to give, thus reducing the amount of money available to support worthy nonprofits across the country. Three recent estimates indicate that if this provision had been in effect in 2006, between \$4 and \$9 billion in charitable donations would not have occurred\*. At a time when charities and non-profits are faced with increasing demands from their communities, it is important that public policies support and encourage charitable giving.

**We Need Your Help:** Please support philanthropy by maintaining present law on charitable deduction rates.

\* How Changes in Tax Rates Might Affect Itemized Charitable Deductions  
The Center on Philanthropy at Indiana University, March 2009

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By Paul N. Van de Water

Center on Budget and Policy Priorities, March 2009

TaxVox- The Tax Policy Center Blog

By Len Burman

Tax Policy Center Urban Institute and Brookings Institution, March 2009

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