

# United States Senate

WASHINGTON, DC 20510

July 13, 2018

The Honorable Steven Mnuchin  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Ave NW  
Washington, DC 20220

Dear Secretary Mnuchin:

We are writing to follow up on your commitment to share information on the charitable deduction, which you made during your testimony before the Senate Appropriations Financial Services and General Government Subcommittee on May 22, 2018. We remain concerned and seek additional information on the potentially alarming decrease in charitable giving in the United States following significant changes to the tax code made by the Tax Cuts and Jobs Act.

As you know, the Tax Cuts and Jobs Act nearly doubled the standard deduction for most filers, changing the incentive for many Americans to itemize and claim the charitable deduction. Removing this incentive could significantly reduce the amount of charitable giving in the United States. According to estimates from the nonpartisan Joint Committee on Taxation, the Tax Cuts and Jobs Act will reduce charitable deductions by \$95 billion in 2018.<sup>1</sup> As a result, according to the nonpartisan Tax Policy Center, charitable giving is estimated to fall by approximately 5%.<sup>2</sup> The American Enterprise Institute (AEI), another nonpartisan public policy think tank, released a similar report in which they estimate charitable giving will be reduced by almost 4%, or \$17.2 billion based on a static model. According to AEI, the majority of this effect (83%) is a result of the increase in the standard deduction.<sup>3</sup>

Charities in Oklahoma, Delaware, and all across the country, including many faith-based organizations, rely on donations to provide countless services to Americans in need, including combating homelessness, providing health care to the medically underserved, and improving outcomes for disadvantaged youth. As co-chairs of both the National Prayer Breakfast and the Senate Prayer Breakfast, we believe that even in times of tight budgets, we have a moral obligation to support our neighbors most in need, and charities play an essential role in doing just that. Despite our disagreements on other tax-related issues, we believe that our tax code should support American charities and the generosity of millions of Americans who donate to charities.

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<sup>1</sup> Joint Committee on Taxation, *Memorandum on Charitable Contributions under H.R. 1.*, November 7, 2017. <https://www.cof.org/sites/default/files/documents/files/JCT%20Charitable.pdf>

<sup>2</sup> Howard Gleckman, Tax Policy Center, *21 Million Taxpayers Will Stop Taking the Charitable Deduction Under The TCJA.* January 8, 2018. <https://www.taxpolicycenter.org/taxvox/21-million-taxpayers-will-stop-taking-charitable-deduction-under-tcja>

<sup>3</sup> Alex Bill, Derrick Chloe, AEI Economic Perspectives, *Charitable Giving and the Tax Cuts and Jobs Act*, June 2018. <https://www.aei.org/wp-content/uploads/2018/06/Charitable-Giving-and-the-Tax-Cuts-and-Jobs-Act.pdf>

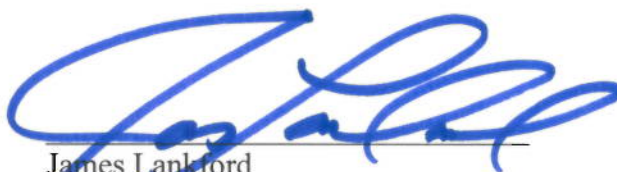
Charitable giving is also essential to maintaining and growing the charitable industry, which is an important part of our nation's economy. According to a report from Independent Sector, a national membership organization that includes nonprofits, foundations, and corporations, charities within the nonprofit sector make up the third largest sector of the American workforce, accounting for 10% of jobs.<sup>4</sup> A decrease in charitable giving may have significant consequences for the charitable industry's capabilities and the 11.4 million people it employs.

Because of these concerns, we request that the Administration provide any data that is currently available on charitable deductions claimed in tax year 2018 and projections for charitable giving in tax year 2018. Going forward, we request quarterly data on the number of charitable deductions claimed and the average size donations given, and when available, a comparison of this data for tax year 2018 to the previous ten years. If those projections are lower than previous years, or any concerning trends related to charitable giving are identified, we look forward to working together to address these issues immediately.

Sincerely,



Christopher A. Coons  
Ranking Member  
Financial Services and General Government  
Senate Committee on Appropriations  
United States Senator



James Lankford  
Chairman  
Financial Services and General Government  
Senate Committee on Appropriations  
United States Senator

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<sup>4</sup> Independent Sector. *The Charitable Sector*. <https://independentsector.org/about/the-charitable-sector/>