DANCE/USA UPDATE ON TAX REFORM AND UNIVERSAL CHARITABLE DEDUCTION

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Dance/USA Update on Tax Reform and Universal Charitable Deduction

By Dance/USA

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Dance/NYC works in alliance with Dance/USA, the national service organization for professional dance.

Last Thursday, the Senate released their version of tax reform legislation, the Tax Cuts and Jobs Act. Like the similarly titled bill released by the House of Representatives two weeks ago, the Senate reform bill retains the charitable deduction but also doubles the standard deduction. (It also increases the limit on charitable gifts from 50% of adjusted gross income to 60% of AGI, which would support giving from high-income donors.) As reported last week, doubling the standard deduction means that 95% of taxpayers would not itemize, leading to a possible reduction in giving of $13 billion annually.

Dance/USA, as a member of the Charitable Giving Coalition, has urged Congress to support a universal charitable deduction, available to all taxpayers whether they itemize or not, incentivizing more Americans to contribute to charities supports nonprofit capacity and makes our communities healthier and more vibrant.

Yesterday, Senators Debbie Stabenow (D-MI) and Ron Wyden (D-OR) offered an amendment to support increased giving by proposing a universal charitable deduction. Representative Mark Walker (R-NC), also proposed a universal charitable deduction that was capped at 1/3 of the standard deduction.

Please take a minute to urge Congress to support a universal charitable deduction.

Other updates in the Senate bill include:

- Doubling the estate tax exemption from $5 million to $10 million. This would likely reduce charitable bequests.
- Retention of the Johnson Amendment, which prohibits nonprofits from engaging in partisan politics. (The House initially repealed this provision for churches and then expanded it to all nonprofits during last week's markup.) The nonprofit sector has urged Congress to retain this provision in an effort to keep nonprofits out of partisan politics.
- Elimination of the Pease Limitation which puts a limit on all itemized deductions, including the charitable deduction, for high-income earners.
- Adds a 20 percent excise tax on executive compensation of over $1 million at charitable organizations.
- Charities would need to treat name and logo royalties as unrelated business taxable income.
- Charities would also have to separately compute unrelated business taxable income for each trade or business. (Under current law, charities are taxed by aggregating the income and deductions across all lines of businesses. This could lead to additional costs for charities.)These last two provisions were not included the House version of the bill.
- The Artist-Museum Partnership Act, which would allow artists (including composers, designers, etc.) to take a fair market deduction when contributing their works to a charitable collecting institution was notincluded in the Senate bill.

The Senate Finance Committee is working on this bill today while the House continues working on their legislation.Contact your lawmakers and urge them to support a universal charitable deduction available to all taxpayers, further incentivizing Americans to support their communities by sustaining the charitable sector.

ACT NOW!

To learn more about these and other issues, visit Dance/USA's advocacy page. And please take a minute to join arts advocates from across the U.S. in urging Congress to support policies and legislation that impact the arts sector.