

The Honorable Martin Heinrich
United States Senate
Washington, D.C. 20510

Dear Senator Heinrich,

We are writing to ask you to support an amendment to the Senate tax reform bill that will preserve private charitable giving in New Mexico.

The Senate Finance Committee is currently considering comprehensive tax reform legislation, and the full Senate will consider the bill in the coming weeks. Like the version voted on in the House of Representatives, the Senate bill would cause significant reductions in charitable giving. Given the speed with which this legislation is progressing, we hope you will intervene quickly on behalf of charities in New Mexico.

Despite technically preserving the “charitable deduction”, according to the Joint Committee on Taxation, 31 million taxpayers who currently claim the deduction will lose it. According to Indiana University’s School on Philanthropy, fundamental changes to the standard deduction would cause \$13 billion in lost private donations to charities. That is a 5% decrease in overall giving, but the losses will be concentrated in faith-based, basic needs, and disaster relief charities that rely on gifts from middle class donors.

In New Mexico, 159,140 claimed the charitable deduction accounting for \$788,824,000. A 5% loss resulting from tax reform would mean more than \$39.4 million less to fund food banks, homeless or domestic violence shelters, provide day care, or job training in our already resource-deprived state.

The charitable deduction has existed for 100 years and been studied by economists and tax experts for decades. While any individual gives for their own reasons – most often because of the philanthropy traditions and spirit of America – there is complete empirical and anecdotal consensus that on aggregate tax incentives significantly increase giving from people at all income levels. Arguments that tax reform will result increased giving, absent a charitable deduction, are not supported by any economic data or studies or our experience in the charitable sector.

If tax reform in its current form is enacted, 95% of donors to charity will be taxed on their donations. Only the wealthiest donors – important donors to be sure – will be able to make tax exempt donations. However, that result is inconsistent with our nation’s principles and deeply unfair to the 95% whose gifts should be valued just as much.

Fortunately, legislation has been introduced in the House (Congressman Mark Walker (R-NC)) and an amendment has been introduced in the Senate (Senators Stabenow (D-MI) and Wyden (D-OR)) that would mitigate the damage done to charities by relieving almost all taxpayers from paying taxes on money they donate to charity.

We urge you to cosponsor Senator Stabenow’s amendment, or support similar legislative language in any tax reform legislation to be voted on by the Senate.

Sincerely,