

ENCOURAGING CHARITABLE GIVING AND SUPPORTING PUBLIC ACCESS TO THE ARTS

Like thousands of nonprofit arts, education, human services, and other community organizations, more than 1,600 American orchestras are classified as 501(c)(3) tax-exempt organizations. This exemption and the tax incentive to give private donations are essential for orchestras and other charitable organizations to serve community needs.

ACTION NEEDED

We urge Congress to:

- *Enact The Charitable Act (S. 566/H.R. 3435) to restore and expand the universal charitable deduction that encourages all taxpayers to give more to charity as nonprofit organizations continue to support their communities.*

TALKING POINTS

- **Orchestras and other nonprofit arts organizations are an essential part of the broader community of approximately 1.6 million nonprofit 501(c)(3) organizations, working alongside hospitals, educational institutions, food assistance programs, and the full array of charitable organizations.** In recognition of their benefit to the public good, contributions made to 501(c)(3) nonprofits have been tax-deductible since 1917.
- **Tax policy changes directly impact nonprofit services and U.S. jobs.** With essential support from charitable donations, the nonprofit sector boosts local economies and employs roughly 10 percent of America's workforce. The nonprofit sector contributes \$1 trillion in services every year and supports 11.4 million jobs.
- **Ticket sales and admission fees alone do not come close to subsidizing the artistic presentations, educational offerings, and community-based programming of orchestras.** Before the onset of the pandemic, approximately 40% of income that supports orchestras was derived from charitable giving. Giving fuels orchestras to an even larger degree today.
- **Orchestras and other arts nonprofits rely on charitable gifts from donors across the economic spectrum.** Donations of all sizes add up to an essential investment that enables nonprofit arts organizations to respond to public needs and form community partnerships through education, artistry, economic development, and social service programs.
- **Under comprehensive tax reform legislation enacted in 2017, incentives for charitable giving were reduced, and taxpayers claiming the charitable deduction declined.** The drop in the number of taxpayers eligible to claim the charitable deduction accelerated an already troubling trend of fewer Americans making charitable donations. While the initial charitable impulse to give comes "from the heart," history has shown that tax law impacts what, when, and how much donors give.
- **When Congress enacted a \$300 charitable deduction in the CARES Act for cash gifts from all taxpayers for 2020, the amount of charitable giving--especially of gifts less than the \$300 cap--saw a significant increase.** This Universal Charitable Deduction was

extended through 2021 and the cap was raised to \$600 for joint filers. After the provision expired in 2021, smaller gifts went down in 2022. Renewing and expanding the non-itemizer deduction will democratize giving by incentivizing all American taxpayers to give more to charity, ensuring a strong and independent civil society.

- **Polling data confirms bipartisan support for reinstating the Universal Charitable Deduction.** A [September 2023 poll by Independent Sector](#) found that 87% of voters support restoring the universal charitable deduction permanently for taxpayers that do not itemize their tax returns, and more than half of voters (53%) would give more if they were able to claim the charitable deduction.

BACKGROUND

Tax-exempt nonprofit organizations, including arts, education, human services, and community organizations, rely heavily on private donations to serve community needs. However, when the 2017 Tax Cuts and Jobs Act essentially doubled the standard deduction, this greatly reduced the tax benefit of charitable giving to a much smaller pool of taxpayers who itemize their returns. The League of American Orchestras is united with broader nonprofit community in supporting a universal charitable deduction, which would substantially increase charitable giving, while cultivating new generations of philanthropists and encouraging a tradition of giving among all taxpayers.

Senators James Lankford (R-OK) and Chris Coons (D-DE), on behalf of several bipartisan cosponsors, have introduced the Charitable Act (S. 566) to restore and expand an above-the-line deduction for charitable giving. Reps. Blake Moore (R-Utah), Danny Davis (D-Illinois), Chris Pappas (D-New Hampshire), and Michelle Steel (R-California) have introduced a House counterpart (H.R. 3435). This measure expands upon the incentive that was made available by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020 by lifting the \$300 cap and making available—for tax years 2023 and 2024—an above-the-line deduction for charitable giving on federal income taxes valued at up to one-third of the standard deduction.