

CHARITABLE GIVING POLICY

Encouraging Charitable Giving and Supporting Public Access to the Arts

ACTION NEEDED

We urge Congress to:

- Enact the Charitable Act (S. 566/H.R. 3435) to expand and extend the universal charitable deduction that encourages all taxpayers to give more.

TALKING POINTS

- **Arts organizations classified as 501(c)(3) nonprofit charities are a vital part of the broader community of approximately 1.6 million 501(c)(3) organizations, 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 services and U.S. jobs.** With essential support from charitable donations, the 501(c)(3) sector boosts local economies by employing roughly 10% of America’s workforce, supporting 11.4 million jobs.
- **Ticket sales and admission fees alone do not come close to generating the funds required to support artistic presentations, educational offerings, and community-based programming of 501(c)(3) arts organizations.** Approximately 40% of income that supports performing and visual arts organizations comes from charitable giving.
- **The 501(c)(3) arts sector relies on charitable gifts from donors across the economic spectrum.** Donations of all sizes are an essential investment enabling 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, the number of taxpayers claiming itemized deductions declined.** The drop in the number of taxpayers claiming the charitable deduction accelerated an already troubling trend of fewer Americans making charitable donations. While the initial impulse to give comes “from the heart,” history has shown that tax law impacts what, when, and how much donors give.
- **Through the CARES Act, Congress enacted a \$300 charitable deduction for cash gifts from all taxpayers for 2020, whether or not they itemized their returns. The amount of charitable giving—especially of gifts less than the \$300 cap—subsequently saw a significant increase.** This Universal Charitable Deduction was extended through 2021 and the cap was raised to \$600 for joint filers, but it expired at the end of 2021. While it was in effect, the amount of charitable giving – especially of gifts less than the \$300 cap – saw a significant increase. Congress can support increased charitable giving by expanding and extending the Universal Charitable Deduction.
- **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.
- **2022 data indicates that giving did not keep up with inflation, at a time when charitable services are in high demand.** A Giving USA report released in June 2023 shows that total 2022 giving reached \$499.33 billion, down 3.4 percent compared to 2021, and when adjusted for last year’s inflation rate, total giving decreased by 10.5 percent.

BACKGROUND

Reaching the Full Potential of the Charitable Deduction

While the comprehensive tax reform law enacted in 2017 preserves the charitable deduction for those who itemize their tax returns, the number of itemizers fell dramatically as the standard deduction was nearly doubled. 501(c)(3) nonprofit

arts organizations, along with the broader charitable and philanthropic communities, have joined together in urging Congress to reinstate and expand tax incentives for charitable giving through a universal charitable deduction, available to those who do not itemize their tax returns. Congress can democratize charitable giving and help reverse its long-term decline by enacting the Charitable Act (S. 566/H.R. 3435) led by a bipartisan, bicameral group of lawmakers, including Sens. James Lankford (R-OK), Chris Coons (D-DE), Marco Rubio (R-FL), Catherine Cortez Masto (D-NV), Margaret Hassan (D-NH), Raphael Warnock (D-GA), Susan Collins (R-ME), Amy Klobuchar (D-MN), Tim Scott (R-SC), Gary Peters (D-MI), Jeanne Shaheen (D-NH), and Reps. Blake Moore (R-UT), Michelle Steel (R-CA), Chris Pappas (D-NH) and Danny Davis (D-IL). The legislation would raise the \$300/\$600 cap to roughly \$4,600 for individuals/\$9,200 for couples for the 2023-24 tax years.

Issue brief prepared by the Cultural Advocacy Group, a collaboration of arts and culture stakeholders working collectively to advance federal policy. Updated 2024.