Tax Policy

Request

We urge members of the House and Senate to:

- Cosponsor the Charitable Act (S. 566/H.R. 3435), which would renew and expand the charitable tax deduction for taxpayers who do not itemize deductions. The deduction allowed taxpayers to deduct up to $300 ($600 for couples) for charitable gifts during the pandemic, but it expired at the end of 2021, leading to a marked drop in small donations.

Introduction

Contributions to 501(c)(3) charities such as museums are tax-deductible, incentivizing those who itemize deductions to give more. Only about ten percent of taxpayers now itemize deductions, however, and both the amount given and the number of donors were declining prior to the pandemic. Smaller gifts increased during the pandemic due to the enactment of the temporary deduction.

Deductibility of Charitable Gifts

- Charitable giving accounts for more than one-third of museums' operating funds.

- The CARES Act established a limited and temporary deduction for non-itemizers at the start of the pandemic. After having declined in 2019, charitable giving increased following its enactment and dropped after it expired.

- A universal charitable deduction democratizes giving by incentivizing all taxpayers to contribute, regardless of income.

Status

- Bipartisan bills have been introduced in both the House and the Senate to renew and expand the universal charitable deduction. They are modeled on H.R. 1704 and S. 618 in the last Congress, which temporarily renewed the deduction and expanded it to over $4,000 for individuals and over $8,000 for couples.

- **Senators** who wish to cosponsor should contact the offices of James Lankford (R-OK) or Chris Coons (D-DE). **Representatives** should contact the office of Blake Moore (R-UT) or Danny Davis (D-IL).

Facts and Figures

More information on how the giving increased while the "universal charitable deduction" was in effect, and dropped when it expired, is available **here** with a detailed one-pager **here**.