No. 8534

RESOLUTION CONCERNING SUPPORT FOR
MAKING THE CHARITABLE CONTRIBUTIONS LAW PERMANENT

ADOPTED by the General Assembly

The Charitable Contributions Law which passed the U.S. Congress as part of the Economic Recovery Act of 1981 gives taxpayers who take the standard deduction the opportunity to deduct charitable contributions from their adjusted gross income before computing taxes. The deductions have been phased in slowly since 1982:

- 1982 - 25% of first $100
- 1983 - same
- 1984 - 25% of first $300
- 1985 - 50% of all contributions
- 1986 - 100% of all contributions

The law expires on December 31, 1986.

New legislation, the Permanent Charitable Contributions Law, has been introduced into the 99th U.S. Congress. In the House, it is H.R. 587, co-sponsored by Gephardt (D-MO), Matsui (D-CA), Duncan (R-TN), Frenzel (R-MN). In the Senate, it is S. 361, co-sponsored by Moynihan (D-NY), Grassley (R-IA), Symms (R-ID). If enacted, this bill will make 100% deductions for charitable contributions permanent part of the tax code.

Why should such legislation be supported? Albert Rees, noted economist, former provost of Princeton University and now President of Sloan Foundation, describes it this way:

"First, it is one of the oldest deductions in the tax code going back to 1917. Second, it promotes the support of educational, cultural, and welfare activities that would have to be supported by government if there were not private voluntary support for them. The new and expanded government programs that would be needed to replace private philanthropy would probably be less efficient than the private ones they replaced and would certainly be far less diverse. This diversity of voluntary activity is a precious asset to our pluralistic society."

In 1986, when those who take the standard deduction will be allowed to deduct 100% of their charitable contributions, the cost to the U.S. Treasury is estimated to be about $1.7 billion. The Congress has stated on many occasions that government is compensated for such losses in revenue by its relief from financial burdens which otherwise would have to be met by appropriations from public funds.

The tax deduction for charitable giving of those who take the standard deduction will be used mostly by middle and lower income people. These people are proportionately the most generous members of our society, contributing 85% of all the money contributed by individuals. The charitable contributions deduction is not a special tax privilege for them or for anyone else. It is fair to all. To retain the incentives for the encouragement of giving is fair. To serve people through these gifts, especially at a time when public funds are being withdrawn, is fair. A charitable deduction is not an advantage to the giver. The gift is for the public good.

Therefore, BE IT RESOLVED, that the General Assembly of the Christian Church (Disciples of Christ) meeting in Des Moines, Iowa, August 2-7, 1986 go on record as being in support of the Permanent Charitable Contributions Law (H.R. 587, S. 361) and call upon every congregation, region, educational institution and general unit to join in a churchwide effort to inform their constituencies about the contents and status of the bills in Congress, and

Be it further resolved, that all members of the Christian Church (Disciples of Christ) be encouraged to study and endorse this legislation and to express their strong support, both in writing and in person, to the President of the United States and to their respective Senators and Representatives in the 99th U.S. Congress.