

 **TODAY'S "SHORT TOPIC"**
**OBAMA WANTS TO LIMIT
CHARITABLE DEDUCTIONS:
It's a choice between
charities and government!
What's your pick?**

By Stephen L. Bakke  February 20, 2015



Here's what provoked me:

I read an analysis of the impact on charities coming from the President's proposed limitation on the deductibility of charitable contributions. And I "got to thinkin'."

Here's my response:

**Obama wants to limit charitable deductions:
It's a choice between charities and government! What's your pick?**

Charitable giving is crucial for financing charities in the U.S. Wealthy Americans give a disproportionate share of their income to charitable causes. Searching for sources of taxes, Obama wants to limit charitable deductions for Americans earning over \$200,000. Some consequences:

- It's predicted this would reduce charitable contributions by approximately \$9.4 billion (American Enterprise Institute).
- Contribution shrinkage is expected to be concentrated in states that supported Obama's election.
- Charities most affected would be those providing "basic needs" – e.g. education, hospitals, and food banks.
- If \$9.4 billion in charitable contributions cease, contributors' taxable income would increase.
- Since the highest tax rate is 39.6%, additional taxes on the \$9.4 billion income would be only about \$3.7 billion.
- Charities would lose \$9.4 billion in contributions; if all the new tax revenue were redistributed to those charities (a HUGE if), charities would get back from the government only about \$3.7 billion.
- **The net loss to charities would be approximately \$5.7 billion.**

All of this makes sense only in the context of the administration's opinion that "they know best"! This is a real "power grab"! I don't know if they've analyzed it, but only arrogance would conclude the government can do more with \$3.7 billion than charities can do with \$9.4 billion.

What it comes down to is a choice: Would you rather have a smaller amount directed by the government? OR Would you prefer the larger amount of charitable contributions to continue?