

BENNETT INTRODUCES BUDGET AMENDMENT TO PREVENT ADMINISTRATION FROM REDUCING DEDUCTIONS ON CHARITABLE CONTRIBUTIONS

**Speech on the Senate Floor
March 31, 2009**

"I rise to discuss another aspect of this budget; to discuss amendment 759 which I have offered, and I ask unanimous consent that Senators Thune and Ensign be added as cosponsors.

"This amendment has to do with the tax treatment of charitable contributions. The budget that the senator from Illinois discussed has to be paid for, and one of the ways that President Obama has proposed that it be paid for is to change the tax treatment of charitable contributions for those evil people in America who earn over \$250,000 a year. I say evil in a sardonic sense because, in fact, we all recognize that they are essential to the economy. Without them we would not have the tremendous amount of income tax revenue that we have today. We understand that they are paying the lion's share of the income tax that's here, so we shouldn't demonize them.

"But some people have argued that those Americans making over \$200,000 earn too much, and one way we are going to make sure they don't accumulate too much is to see that they are not allowed to deduct the same percentage of their income taxes for charitable contributions that other people are allowed. Let's just talk about this for a moment. Tax payers with incomes in excess of \$200,000 contributed \$81 billion to charities, according to the IRS. That's an average contribution of \$22,000. The people with incomes below that have made an average contribution of \$2700, nearly 10 times less. The charitable contributions that are made in this country clearly come, in the bulk, from those who earn over \$200,000, and they would see the tax benefit from making those contributions go down if President Obama has his way.

"I have two interesting personal comments to make about that: one from my son who was having debate with one of his liberal friends. His friend said, 'You don't earn over \$200,000 so this won't affect you. Why are you so concerned?' My son responded, 'I work for a non-profit. If their contributions are cut as a result of this, it will affect me. More importantly, it will affect those people whom this non-profit serve.'

"I take my son as an example. The non-profits in this country employ 10.2 million people, and when we talk about budget saving jobs, we have to ask how many of the 10.2 million people will lose their jobs when they see the contributions go down after a change is made to this tax treatment. President Obama says you should make this contribution regardless of the tax treatment and it shouldn't stand in the way of your doing good work. I would agree with that, but if the tax treatment holds down the amount of money you have available to do good work, it will impact it.

“George Washington made this comment in respect to charitable contributions. He said, ‘Let your heart feel for the affliction and distress of everyone, and let your hand give in proportion to your purse.’ What is happening here is that President Obama is suggesting that the proportion to your purse will go down as a result of federal action.

“Now I go to the second personal experience that comes out of this. I’ve long been known as one who is a strong supporter of the arts. I supported the arts when some members of my party wanted to eliminate them, particularly the National Endowment of the Arts. I was here on this floor to argue in favor of the arts, and I’ve been happy to see the arts amount increase each year since we saved it as a result of the action that we did here in the Senate. Our friends in the other body had zeroed it out in their budget, and we did our best and succeeded in saving it.

“So a group of arts people met with me this week, thanked me for the work that I had done, and I thanked them for that, and then described their problem. Their problem is, of course, that their contributions are down. Why? Because the economy is down. So, they have to lay people off, and they’re asking, ‘Can’t we get an even bigger federal contribution to make up for the fact that private contributions are down?’

“Step back from those two comments and see how ironic it is. The president is saying that he is going to change the tax treatment so that there will be less incentive for private contributions. The people who live on the basis of these contributions are saying that their contributions are down and are asking us to increase the tax deductions for charitable contributions so we can make up the difference. The president’s proposal sets up a situation which takes away with one hand and then presumably gives with another. There is a proposal in this budget for more money for the arts. I support that proposal, as I say, because I have always been in favor of some money for the arts, but not for money from the federal taxpayer to make up the amount that will be lost if we follow President Obama’s proposal. My amendment aims to deal prevent that from happening.

“Over one third of charitable contributions that are made go to faith-based organizations and churches. We have always recognized the importance of religion in this country. Freedom of religion is the first item mentioned in the First Amendment. The Founding Fathers thought freedom of religion and saying that Congress shall in no way interfere with religions was the most important thing they could state in the First Amendment. It’s ahead of freedom of speech, ahead of freedom of press, and ahead of the right to petition the government for a redress of your grievances. We’re going to say to those faith-based organizations, ‘Alright, the large donors who make the contributions to the church universities or the major church activities are going to be discouraged by virtue of this tax treatment that President Obama has proposed.’ Yes, you can still pass the plate of the small parishioners, and I do not wish, in any way, to denigrate the importance of the widow’s mite, but anyone who has ever run a major fundraising organization knows that you start out with the big contributions first, and then you try to add to those the smaller contributions and get everyone involved.

“I come from a constituency that has a long history of faith-based contributions and has used those contributions for tremendously valuable purposes. Originally, to bring people to Utah they organized what was known as the Perpetual Immigration Fund, and people of means put money into that fund so that people who could not afford to come to Utah could borrow from it. Then, once they were there they would pay it back, and that’s why it’s called the Perpetual Immigration Fund. We don’t need that anymore. We now have what is known as the Perpetual Education Fund, and people of means put substantial amounts into this fund which then makes loans to people who cannot get an education otherwise.

“We heard the senator from Illinois talk about the importance of educational loans. This is a fund that makes loans of all kinds, primarily to people at the bottom of the economic ladder to give them a trade and help them get the skills they need to support their families; mainly young people who do not have their families yet and may not be starting families because they are afraid they cannot afford it. The large contributors who contribute to this fund are now being told, ‘Well, we still need your money, we still need this effort for all these young people who need this benefit, but the federal government is going to take a little more off the top than they used to.’ For those who say, ‘Well, I have only so much to give, and I have to reduce it in order to pay the extra tax,’ it is the Perpetual Education Fund that will pay the price.

“I have introduced this amendment that will make it clear that nothing in the budget can be used to put in place the president’ proposal, and I hope when the time comes that all of my Senate colleagues will vote for it.

“I yield the floor.”