DANCE/USA STATEMENT ON THE TAX REFORM BILL

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Dance/NYC works in alliance with Dance/USA, the national service organization for professional dance.

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Tax Reform Bill Would Impact Nonprofit Capacity

Yesterday, tax writers in the House Ways and Means released H.R.1, tax reform legislation that aims to simplify the tax code. As expected from previous drafts, there are several provisions in the bill that would impact the charitable sector.

- The legislation retains the charitable deduction. However, it also doubles the standard deduction, reducing the number of people who itemize from 33% of taxpayers down to 5%. It is estimated that this would reduce contributions to nonprofits by $13 billion annually. 95% of taxpayers will not have access to this deduction, to the detriment of the charitable sector and the communities we serve. Dance/USA has joined the Charitable Giving Coalition in urging Congress to implement a universal charitable deduction, available to all taxpayers whether they itemize or not. (Representative Mark Walker (R-NC) introduced a variation of this.) Unfortunately, this was not included. The charitable sector is also concerned with the phase out of the estate tax and the impact this could have on charitable giving. Presumably in a nod to the charitable sector, the bill does increase the contribution limit of giving from 50% of adjusted gross income (AGI) to 60% of AGI, which would positively impact contributions to nonprofits by high income donors.

- The Pease Limitation, which reduces the value of itemized deductions for high income tax payers, is repealed. This is a good thing for charities that benefit from higher income donors. Dance/USA worked with nonprofit partners in opposition to the reintroduction of this provision in 2013.

- The bill also weakens the Johnson Amendment, which currently prohibits nonprofits from partisan speech and politicking.Dance/USA has signed on to letters in opposition to a repeal of this ban, telling Congress that a nonpartisan charitable sector is stronger when shielded from politicization. The current proposal creates a loophole that would allow churches and integrated auxiliary organizations to engage in political speech in the course of an organization's regular activities.

- Concerns that proposals to change unrelated business income tax (UBIT), included in a previous tax reform draft, were not included in this proposal. It does include a tax on fringe benefits offered to nonprofit employees, such as transportation and onsite gyms.It also imposes a 20% excise tax on executive compensation that exceeds $1 million.

- The legislation would eliminate a current provision that allows a taxpayer to treat the sale or exchange of a musical composition or a copyright for their own musical work as a capital gain or loss.

- Finally, Dance/USA has advocated alongside the arts community for congress to introduce theArtist-Museum Partnership Act, which would allow artists (including composers, designers, etc.) to take a fair market deduction when contributing their works to a charitable collecting institution. This was not included in tax reform legislation.

The House Ways and Means Committee will begin reviewing the bill on Monday, November 6 and the bill is expected to go to the House floor the week of November 13. Congress aims to finalize tax reform before the end of the calendar year.

Dance/USA continues to work with the charitable sector as part of the Charitable Giving Coalition, as a member of Independent Sector, in addition to our work alongside national arts partners.

This is the first of many steps in this process and it's important to communicate with your lawmakers every step of the way.

ACT NOW and reach out to your congressional representatives.

Thank you for your ongoing advocacy.

Learn more about the issues that impact dance.