



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

Opening Statement of Chairman Chuck Grassley Wednesday, March 14, 2001

This morning we continue our series of hearings about President Bush's efforts to provide tax relief to working families.

Today, we focus on the President's tax proposals that will encourage charitable giving. The President's tax proposal of \$1.6 trillion contains over ten years approximately \$55 billion dollars in changes in the tax code to encourage charitable giving. This is, by anyone's measure, a significant amount of money and should be subject to as careful review as we give to the rest of the President's tax proposals.

I would note to my colleagues that the \$55 billion figure is part and parcel of President Bush's efforts for a greater role for charities in our society. While the focus of the public has been on the possibility of grants to faith-based organizations, the reality is that in terms of dollars, the proposed tax initiatives to encourage charitable giving are an equal partner in the President's faith-based efforts.

Voices of concern have been raised about the President's faith-based initiative as it relates to government providing funding to religious-based organizations to assist those in need. However, even critics of this part of the administration's initiative are widely supportive of efforts to modify the tax code to encourage more charitable giving by the American taxpayer.

To a certain extent, taxpayers face an uneven playing field now. Non-itemizers, that is, the 70 percent of Americans who don't itemize their deductions on their tax return, cannot deduct charitable contributions. The centerpiece of the President's tax proposals to encourage charitable giving seeks to address this situation by allowing non-itemizers to deduct their charitable contribution.

As chairman of the committee, I support the administration's goals of encouraging charitable giving and commend its efforts. I look forward to working with the administration and the members of this committee in including in the tax bill legislation that effectively encourages charitable giving and targets those most in need.

Encouraging charitable giving is particularly important at a time when our nation's economy is slowing down, and the number of families who need the help that charities can provide is growing. Our most vulnerable in society can't afford a slowdown in the economy and also a slowdown in support for charities.

Newspaper accounts give conflicting testimony about whether charities are beginning to see a downturn in regards to donations, but whatever the verdict, clearly we need to see whether we can modify the tax code to encourage more foot soldiers to enroll in the armies of compassion.

We will listen to testimony about the President's specific proposals. In addition, the committee will explore other changes to the tax code, beyond what the President has suggested, that will encourage charitable giving. For example, there are limits in current law on the charitable tax deductions taxpayers can take -- affecting the giving of both individuals and corporations

Let me say that while we are today discussing changes in the code that encourage giving, it is my belief that nothing will do more to encourage charitable then giving middle-income families a tax cut.

I'm confident that if the federal government would allow middle-income families to keep more of their hard-earned wages through a tax cut, a good deal of that money would ultimately be placed in the collection plate or the Salvation Army kettle. So I think we shouldn't forget that overall tax relief is a critical part of encouraging greater giving.

Let me thank the ranking member, Senator Baucus, and his staff for working so closely with us on this hearing. Quick agreement was reached regarding the witnesses as well as the focus of today's hearing.