

April 17, 2018

Open Letter from Vermont Non-Profit Leaders to Governor Phil Scott and the State Legislature

Dear Elected Leaders,

The Vermont House has passed H.911, which we believe, if enacted, will fundamentally change the nature of charitable giving in Vermont. Its negative effects will hurt Vermont non-profits, and more importantly, diminish our ability to serve Vermonters in our communities.

The bill seeks to eliminate the charitable deduction. We believe this sends the wrong message to donors. The charitable deduction is unlike other itemized deductions because it encourages people to voluntarily give away their money for the benefit of others.

The Governor introduced the concept of a tax credit, and this bill imposes a 5% credit for gifts and caps the credit at the first \$10,000 in donations. Charitable gift caps effectively eliminate the incentive to give additional dollars above the cap. This is important because many charities receive 80 percent of their dollars from 20 percent of their donors. Those who can afford large gifts are inspired to help those who are less fortunate. H.911 communicates a message to donors that Vermont does not encourage or welcome large, transformational gifts. Incentives encouraging this type of behavior should be enhanced and not limited.

While numbers matter, it is what the numbers represent that is most troubling about H.911. Consider the effect of fewer resources on programs that provide food and shelter to the homeless, scholarships for Vermont students in search of educational pursuits, services to those in need of mental health professionals, research that will solve environmental problems or lead to medical breakthroughs, programs that open minds to the visual arts, efforts that encourage healthy behavior, and the list goes on.

There are more than 5,300 non-profits in Vermont. We employ over 61,000 staff, which is 17 percent of the Vermont workforce. We generate \$5.3 billion in annual revenue and hold assets of \$11.2 billion. Nonprofits receive \$289 million in charitable gifts, representing 2.49 percent of household income. We represent a vitally important part of the Vermont economy.

We propose that you enact incentives for the behavior you want to see in our communities. We hope you maintain your commitment to charities. We invite you to consider adding a gift credit on top of the charitable deduction. The effects would multiply our efforts and fill more gaps that you simply cannot fill.

It is clear that deconstructing charitable giving in Vermont will have a detrimental effect on the state's non-profits, and most importantly, the people we serve. Attempting to raise revenue on the backs of the charitable sector is irresponsible and will hurt our communities. We urge you to reconsider this proposal and create a new model that further incentivizes public-private partnerships.

Respectfully submitted,

(Listed in alphabetic order by organization)

Matt Rizzo, Vice President for Advancement, Bennington College
Doreen Kraft, Executive Director, Burlington City Arts
Carol Driscoll, Executive Director, The Carving Studio & Sculpture Center
Karen Scolforo, President, Castleton University
Robert Caldwell, Vice President of Advancement, Champlain College

Phelan Fretz, Executive Director, ECHO, Leahy Center for Lake Champlain
John Killacky, Executive Director, Flynn Center for the Performing Arts
Kyle Dodson, President & CEO, Greater Burlington YMCA
Travis Marcotte, Executive Director, Intervale Center
Jody Woos, Executive Director, Lake Champlain Chamber Music Festival
Rich Schneider, President, Norwich University
Dana Kaplan, Executive Director at Outright Vermont
Rex Butt, Interim Executive Director, Pride Center of Vermont
Traci Moore, Director, Rutland Health Foundation, Rutland Regional Medical Center
Alec Webb, President, Shelburne Farms
Thomas Denenberg, Director, Shelburne Museum
Leslie Keefe, Vice President of Corporate Development, Southwestern Vermont Health Care
Sue Minter, President & CEO, Special Olympics Vermont
Mark Redmond, Executive Director, Spectrum Youth and Family Services
Kelly Dougherty, Executive Director, Steps to End Domestic Violence
Jesse Bridges, CEO, United Way of Northwest Vermont
Tom Sullivan, President, University of Vermont
Shane Jacobson, President & CEO, University of Vermont Foundation
Karen Mittelman, Executive Director, Vermont Arts Council
Dan Smith, President & CEO, Vermont Community Foundation
John Sayles, CEO, Vermont Foodbank
Robin Turnau, President & CEO, Vermont Public Radio
Jeb Spaulding, Chancellor, Vermont State Colleges System
Benjamin Cadwallader, Executive Director, Vermont Symphony Orchestra
Jennifer Oldham, Executive Director, Vermont Works for Women
Rosina Cannizzaro, Executive Director, Vermont Youth Orchestra Association
Kheya Ganguly, Executive Director, Wonderfeet Kids' Museum