



February 28, 2013

The Honorable Dave Camp  
Chair  
Committee on Ways and Means  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, D.C. 20515

Re: House Ways and Means Committee Hearing on Tax Reform and Charitable Contributions

Chairman Camp, Ranking Member Levin, and Members of the Committee:

Thank you for giving the charitable community this opportunity to share our perspective on the charitable deduction in the context of comprehensive tax reform.

Theatre Communications Group (TCG), the national organization for the American theatre, exists to strengthen, nurture and promote the professional not-for-profit American theatre. Its programs serve nearly 700 member theatres and affiliate organizations and more than 12,000 individuals. TCG serves its members through convenings, research and communications; provides grants to theatre companies and artists; advocates on the federal level and is the US Center of the International Theatre Institute. TCG is the nation's largest independent publisher of dramatic literature.

**The Impact of Theatre**

Theatres provide demonstrable service to the public in improving quality of life, preserving our cultural heritage, and in providing jobs, education, enlightenment, entertainment, and of course, contributing to local economies in every community across this country. Nonprofit theatres offered 177,000 performances that attracted 34 million patrons in 2011. Research conducted by Theatre Communications Group indicated that 179 profiled theatres served an additional 2.3 million people through 1,200 outreach and educational programs, including touring productions, artists-in-the-schools, teacher training, workshops and lectures in local community centers and libraries, internships for college students, special programs for at-risk children and life-long learning opportunities.

Our country's nonprofit theatres develop innovative educational activities and outreach programs, providing millions of young people, including "at-risk" youth, with important skills for the future by expanding their creativity and developing problem-solving, reasoning and communication abilities – preparing today's students to become tomorrow's citizens. Our theatres also present new works and serve as catalysts for economic growth in their local communities. Theatres have become increasingly responsive to their communities, producing work that reflects and celebrates the strength of our nation's diversity.

- **Arizona Theatre Company** is working with Young Audiences of Santa Cruz County to increase access to professional theatre for more than 500 under-served students from rural Arizona communities near the U.S. Mexico border. In a year-long project, students from these geographically-isolated, economically-challenged communities travel to Tucson for student matinee performances. Grant funds provide matinee tickets and transportation to Tucson, removing the largest barriers to participation for these students. By sharing the power of professional theatre with students who rarely have opportunities to experience the arts, this project is enriching the lives of under-served young people, strengthening the abilities of classroom teachers and increasing future diversity in the field of theatre.
- **Cleveland Public Theatre** in Ohio established the Y-Haven Theatre Project, an arts education program for homeless men recovering from drug and alcohol addiction. The program develops skills and capacities the men can draw upon to maintain sobriety and self-sufficiency and transition to employment, permanent housing and independent living. Y-Haven Theatre transforms men who have suffered great adversity by bringing them together to create a play, present it to the public and receive mentorship and support. The men come to understand that the arts provide tools for self-exploration and discovery, social critique and change.
- **Seattle Children's Theatre (SCT)**, one of this country's most prominent creators of new theatrical work for young audiences, engaged artistic organizations and audiences far beyond the Pacific Northwest with a production of *The Edge of Peace* by Suzan Zeder. This poignant story speaks to the impact of military service on family members, and is the culmination of a dramatic trilogy which explores the role of the deaf within American society.

- **Idaho Shakespeare Festival's** Access Program opens the door for over 30,000 people ages 5 to 100 to enjoy the professional theatre arts, many of whom would not be able to attend otherwise. The program includes a tour with over 100 performances that includes an engaging new script with full set, costumes and sound to elementary students across the state of Idaho. Additionally, the program creates access for students of all ages, the deaf and hard-of-hearing, elderly on fixed income, at-risk youth, refugees, wounded veterans (as well as their families) and volunteer service providers to attend the Festival's mainstage season. By integrating those with special needs into the broader audience, the Access Program has significantly broadened the demographic makeup and interest of those able to experience performances.
- **Bloomsburg Theatre Ensemble** in Bloomsburg, PA, united community in the days surrounding the tenth anniversary of September 11th – at a time the town was plagued with record flooding – and experienced firsthand the strength and generosity of first responders. Free tickets were offered to any firefighters, police, EMS workers and other first responders to attend performances of *The Guys*, the true story of a fire captain who lost members of his crew in the Towers. He is faced with the task of writing their eulogies, and teams up with a writer who helps him find the words to express his loss. Written just twelve days after 9/11, the show captures the bond that was felt in the nation ten years ago, a bond felt again locally in the wake of the flood.

### **The Value of the Nonprofit Arts Sector**

Nonprofit arts organizations across the nation serve the needs of people and community partners through education, artistry, economic development, and social service programs serving the poor. The arts communicate across religious, ethnic, and political divides, both at home and abroad; explore civic issues, both current and past; create human and social services programs focusing on healthcare, addiction, senior services, and many other areas; provide in-school and afterschool programs for children and teachers, as well as lifelong learning for all; preserve our heritage and make it accessible to all who wish to participate. Support from donors across the economic spectrum is essential to making this work possible.

Arts organizations are part of a larger nonprofit sector that employs 1 out of every 10 working Americans which creates jobs and economic growth and adds immeasurably to the quality of life in our communities through vibrant artistry. The arts are proven magnets for tourism and other business activity. The nonprofit arts industry generates \$135.2 billion annually in economic activity, supports 4.13 million full-time equivalent jobs in the arts and related industries, and returns \$9.59 billion in federal income taxes.

## **The Importance of Charitable Giving**

- Charitable giving is a significant revenue source for a broad range of nonprofit organizations, including the nonprofit arts. These organizations cannot withstand even slight declines in contributions given the fragility of all revenue sources.
- Approximately 40 percent of financial support for nonprofit performing arts organizations is derived from charitable giving.
- Unlike other tax deductions, charitable giving incentives do not increase the wealth of individual donors: they are an investment in the public good and a means of enriching communities.
- Changes to charitable giving incentives in the interest of short-term revenue gain will have lasting unintended consequences for nonprofit services and jobs.
- The proposed changes to charitable giving incentives come at a time when nonprofit services and jobs are needed most.
- For nonprofit arts organizations, charitable giving is essential, as ticket sales and admission fees do not come close to subsidizing artistic presentations, educational offerings, and community-based programming.

Like thousands of other nonprofits in education, human services, and other community organizations, many performing arts organizations are classified as 501(c)(3) tax-exempt. If it were not for this exemption and the deductibility of private donations, nonprofit performing arts and other charitable organizations would be unable to serve community needs.

Proposals to limit tax incentives for charitable giving are of great concern. Charitable giving would decline under these proposals, as we and our fellow nonprofits are already being asked to do more with less. Our ability to serve our communities will be jeopardized if tax incentives for charitable giving are reduced.

Preserving tax incentives for charitable giving will protect nonprofit services and provide a net benefit to the public. Nonprofit arts organizations receive significant financial support from charitable giving, and, as nonprofit organizations work to meet increased demands for their services and raise needed funds, we need to encourage increased giving to charitable organizations. Limiting the value of the charitable deduction does the exact opposite.

Please preserve the capacity of the nonprofit sector to serve communities by protecting incentives for charitable giving.

Thank you.