



Comments to Senate Finance Committee
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Submitted to: taxreform2017@finance.senate.gov

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Thank you for the opportunity to respond to Chairman Hatch’s June 16, 2017 request for stakeholder feedback on tax reform. Specifically, our comments respond to the request for feedback on “removing impediments and disincentives for savings and investment.” We urge you to support investment in the essential work carried out by not-for-profit organizations in communities nationwide.

As Congress considers policy approaches to tax reform, Theatre Communications Group urges the Senate Finance Committee to support the vital work of not-for-profit organizations by preserving and strengthening tax incentives for charitable giving and supporting policies that strengthen the not-for-profit sector. Approximately 40 percent of financial support for not-for-profit theatres is derived from charitable giving which allows theatres to increase access to their programs to students and more diverse audiences and support jobs in theatres across the country.

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 over 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 U.S. Center of the International Theatre Institute. TCG is the nation’s largest independent publisher of dramatic literature.

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. Not-for-profit theatres offered approximately 210,000 performances that attracted 29.5 million patrons in 2015. Research conducted by Theatre Communications Group indicated that 198 profiled theatres served an additional 3.7 million people through 1,260 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 lifelong learning opportunities.

Our country's not-for-profit 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. Theatres have become increasingly responsive to their communities, producing work that reflects and celebrates the strength of our nation's diversity. Our theatres also present new works and serve as catalysts for economic growth in their local communities.

Not-for-profit arts organizations across the nation serve the needs of people and community partners through education, artistry, economic development, and social service programs for 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 after-school programs for children and teachers, as well as lifelong learning for all; and preserve our heritage while making 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 not-for-profit sector that employs 1 out of every 10 working Americans, 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 not-for-profit 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.

Charitable giving is an essential form of support. Declines in giving would result in the loss of vital local not-for-profit programs. Not-for-profit theatres are supported by a mix of funding from foundations, corporations, public funding agencies, and individual donors that is made possible by these theatres' tax-exempt status and incentives for charitable giving. Ticket sales alone do not support the performances, education programs, and community partnerships of not-for-profit theatres.

Reducing incentives for charitable giving would harm communities. Not-for-profit theatres are based in urban, rural, and suburban communities across the country and employ thousands of actors, directors, designers, playwrights, administrators, educators, and technical personnel. Theatres and their employees contribute to their local economies and serve their communities. Declines in charitable giving would result in the loss of jobs.

Ensure that comprehensive tax reform results in increased giving by more donors. While leadership on House and Senate Committees has expressed support for preserving the charitable deduction, proposals to increase the standard deduction could lead to significantly decreasing donations by reducing the number of taxpayers that benefit from charitable giving tax incentives. Efforts to simplify the tax process could ensure increased charitable giving by enacting a charitable deduction available to all taxpayers, whether or not they itemize. Theatre

Communications Group suggests that a universal charitable deduction would not only offset the potential loss in charitable dollars due to current tax reform proposals, but would in fact increase charitable giving.

Maintain and strengthen the IRA Charitable Rollover Provision. Congress wisely recognized the importance of giving incentives by reinstating and making permanent the IRA Charitable Rollover provision in December of 2015 through the Protecting Americans from Tax Hikes (PATH) Act, after years of expiration and temporary reinstatement. The IRA Rollover provision can be strengthened by lowering the age requirement to 59½ and removing the \$100,000 cap on qualifying donations.

The United States relies upon the not-for-profit community to provide many public services in fields ranging from public health and education to arts and culture. Theatres are engaged in critical local partnerships that leverage shared resources and strengthen services to the public.

Thank you for this opportunity to express the value of charitable contributions to the communities served by American not-for-profit theatres. We urge the Committee to preserve and grow tax incentives for charitable giving and enact policies that strengthen the impact of the not-for-profit sector.