



Working to Reduce Poverty in America.

November 7, 2017

United States House of Representatives
Washington, D.C. 20515

Dear Representative:

I write on behalf of Catholic Charities USA (CCUSA) regarding the recently introduced *Tax Cuts and Jobs Act*. As you begin deliberations on this far reaching legislation, we urge you to prioritize and protect programs that foster family economic stability, promote a culture of charitable giving and prioritize the individuals and families living in poverty.

While we recognize the efforts to simplify the tax code and grow the economy, the proposed *Tax Cuts and Jobs Act* reduces or eliminates tax programs that are vital to low-income individuals and families and are critical to fostering family economic and opportunity. We therefore urge you to address these critical elements:

Episcopal Liaison
The Most Reverend
David A. Zubik, D.D.
Bishop of Pittsburgh

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Charles Cornelio

Vice Chair
Gregory Kepferle

Secretary
Robert McCann

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President & CEO
Sr. Donna Markham OP, PhD

- 1. Priority for the poor:** The current proposal makes significant changes to the tax code, resulting in nearly \$1.5 trillion in tax reductions over the next 10 years – most of it in the form of a corporate tax cut. This tax cut is built upon a promise and hope that future economic growth would pay for the impact of these cuts. We urge you to exercise prudence and reject dramatic tax cuts which then become the precursor for future funding reductions for programs which help poor and vulnerable individuals.
- 2. Promote a culture of giving:** While the bill maintains the **charitable giving deduction**, the proposal to nearly double the standard deduction will have an unintended and damaging impact on charitable giving. Recent studies demonstrate that the change in the standard deduction will result in only 5 percent of Americans being eligible for the charitable deduction and a loss of \$13 billion per year in charitable giving. The charitable giving incentive is one of the ways in which our nation demonstrates its commitment to fostering a private and faith-based response to our nation's needs. In order to address this shortcoming, we urge you to make the charitable deduction available to all taxpayers, not only those who itemize their tax returns. Such a change is not only fairer but would also reinvigorate our nation's generosity for responding to community needs.
- 3. Support adoptive families:** Catholic Charities ministries across the country have long worked to ensure that children without parents or families are loved and able to grow up in a supportive family environment. The **adoption tax credit** has long been a critical contributor to encouraging families earning less than \$203,000 per year to adopt children and provide them with a loving home. The *Tax Cuts and Jobs Act* eliminates this credit, which makes it harder for families to adopt a child. We urge you to reinstate the adoption tax credit so that children waiting for families and adopting families are supported.
- 4. Promote family stability:** The **child tax credit** plays a vital role in reducing childhood poverty and in promoting family stability. Reform of the tax code presents a unique opportunity to expand our nation's investment in our children by providing greater tax relief to parents. The current proposal to increase the child tax credit from \$1,000 to \$1,600, when coupled with other changes in the bill, falls far short of what is needed to make meaningful investment in children. In addition, the bill would restrict individuals



who are required to file a tax return but do not have a Social Security number from using their Individual Taxpayer Identification Number (ITIN) from accessing the credit for their children. We therefore urge you to reject the change in the ITIN requirement and to make greater investment in children and families by expanding the Child Tax Credit to more than \$2,500, raise age of the credit to 18, increasing refundability of the credit and indexing the Child Tax Credit to inflation so that it maintains its value over time.

5. **Promote affordable housing:** Our nation's affordable housing crisis continues to be a major driver of poverty and a hurdle for low-income families moving out of poverty. Recent studies found that our nation's affordable housing for individuals making less than 50 percent of average median income has dropped by 60 percent in the last six years. The *Tax Cuts for Jobs Act* fails to take advantage of this opportunity to expand the **Low Income Housing Tax Credit** (LIHTC) credit and exacerbates the affordable housing crisis by eliminating the private activity bonds for construction and rehabilitation of affordable housing. This could further reduce affordable rental units by more than 60 percent or 85,000 units a year. In addition, the bill eliminates the **New Market Tax Credit** (NMTC) and **Historic Tax Credit**, both of which are vital to encouraging affordable housing, job creation, and community revitalization. The Treasury has found that the NMTC is responsible for creating or retaining more than 275,000 jobs since 2003. We urge you to protect these credits and to invest further in affordable housing by expanding the Low Income Housing Tax Credit.

6. **Promote family economic opportunity:** The expansion of EITC has long had bipartisan support and is one of the most powerful means for rewarding work and allowing low and moderate income earners to transition out of poverty. In 2017 the EITC injected more than \$63 billion into local communities. Despite this success, the EITC remains largely unavailable to workers not raising children at home. These individuals continue to be taxed into poverty. The *Tax Cuts and Jobs Act* not only fails to expand the EITC to non-custodial parents but also makes it harder for immigrant tax payers currently receiving the EITC benefit to receive the credit. Therefore, we urge you to reward work and increase the maximum credit for workers not raising children at home and lowering the age of eligibility to 21.

Reform of the tax code provides a critical opportunity for creating a tax system that prioritizes families in need. CCUSA urges you to take this opportunity to make meaningful investments so that families are supported, programs helping individuals who are poor or vulnerable are funded, and our nation's faith-based and nonprofit organizations are assisted in their response to community needs.

Sincerely,



Sister Donna Markham OP, PhD
President and CEO
Catholic Charities USA