



Working to Reduce Poverty in America.

December 12, 2017

Conference Committee Members
Tax Cuts and Jobs Act
Washington, D.C. 20515

Dear [Senator] Representative:

As you begin conference on the *Tax Cuts and Jobs Act*, I write on behalf of Catholic Charities USA (CCUSA) urging you to reject a tax reform proposal which fails to protect programs that foster family economic stability, promote a culture of charitable giving and prioritize the individuals and families living in poverty. CCUSA therefore urges you to prioritize these critical elements:

- 1. Priority for the poor:** Throughout the legislative process, CCUSA has continually advocated for tax reform which prioritizes poor and vulnerable persons and provides greater economic assistance to working families. Unfortunately, the House and Senate bills, as written, fail to adequately protect critical anti-poverty tax credits. Instead, they make permanent a 15 percent corporate tax cut while low-income and working families are provided only temporary and modest tax relief – and some low-income families will actually receive a tax increase over time. The direct result of these changes, as identified by the Joint Committee on Taxation, would result in an increase in the deficit by \$1 trillion over the next 10 years – likely giving rise to tax increases or to cuts in programs for low-income and working families.
- 2. Foster a culture of giving:** Increasing the standard deduction has the effect of dramatically reducing the incentive for charitable giving. The change is projected to result in only 5 percent of Americans being eligible for the charitable deduction with a loss of \$13 billion per year in charitable giving. At a time when congressional leaders increasingly call for greater civil society participation to meet the needs of low-income individuals, reducing the charitable incentive undermines these very efforts. Therefore, CCUSA urges you to adopt an “above-the-line” charitable deduction that is available to all Americans.
- 3. 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 Senate and House bills make a small investment in the child tax credit but, when coupled with other reforms in the bill, result in a modest and, in the case of the House bill, only a short-term benefit to parents. In addition, the House and Senate bills make it harder for immigrant families to claim the child tax credit for their children. We urge you to reject this harmful provision and work instead to expand the child tax credit to more than \$2,500, raise the age of the credit to 18, increase the refundability of the credit and index the child tax credit to inflation so that it maintains its value over time.

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- 4. Expand affordable housing:** Our nation's lack of affordable housing remains a major driver of poverty and a hurdle for low-income families moving out of poverty. Both bills fail to address the impact the decrease in corporate tax rates will have on **Low Income Housing Tax Credit (LIHTC)**. In addition, the House bill exacerbates the affordable housing crisis by eliminating the **private activity bonds** for construction and rehabilitation of affordable housing; the **New Market Tax credit (NMTC) and Historic Tax credits**; and the mortgage credit certificates for low-income homebuyers. These changes go beyond reducing or eliminating funding for affordable housing; they fundamentally undermine the public-private partnership needed for addressing the housing shortage and the opportunity to be lifted out of poverty and to have a home. These changes are projected to further reduce affordable rental unit production by more than 60 percent. We urge you to protect these credits and bonds and to invest further in affordable housing by expanding the LIHTC to address the impact that a lower corporate tax rate will have on the program.
- 5. 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. Both the House and Senate bills fail to expand the EITC to non-custodial parents. 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.
- 6. Protect access to health care:** Tax reform provides a critical opportunity to ensure that low-income individuals and families have the financial ability to respond to a health crisis. The House bill's repeal of the deduction for medical expenses would be a dramatic step backwards for individuals. Therefore we urge the House to support the Senate bill's expansion of the program and make the deduction permanent.

In addition to the above priorities, the imposition of new excise taxes on Puerto Rico – in effect treating it as a foreign jurisdiction – will only exacerbate the economic turmoil facing the island and delay its efforts to recover from the recent hurricanes. We urge you to reject the imposition of new excise taxes.

These are just some of the many provisions which need revision if tax reform is to have a lasting and positive impact on low-income families and communities. CCUSA urges you to take this opportunity to reexamine these bills and prioritize tax reform for low-income families and individuals.

Sincerely,



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