

Indiana Association of United Ways



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Testimony prepared for Tax and Fiscal Policy Committee, January 17, 2012
Contact: Lucinda Nord, VP, Public Policy, 317-921-1394 office, 317-502-8504 cell or
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Re: SB344, State Taxation

Thank you, Mr. Chairman and members of the Committee for the opportunity to explain our opposition to SB344.

The Indiana Association of United Ways represents 62 United Ways throughout Indiana. Together, Indiana's United Ways raise over \$95 million each year to invest in human services and meet critical needs of Hoosiers.

laUW opposes SB344 that would eliminate a range of tax credits and incentives to charitable giving.

Tax policy is the foundation of the relationship between nonprofit charities and government. Policy makers have created tax credits to achieve a number of important policy objectives, including: to stimulate charitable giving, to promote individual and business development and to incentivize certain positive behaviors such as employment, education and saving.

Elimination of tax credits such as the Neighborhood Assistance Program tax credit will reduce contributions to local nonprofit community- and faith-based organizations that provide child care, housing for low-income families, senior services, emergency food assistance and more.

Elimination of the State Earned Income Tax Credit (EITC) will result in low-wage workers paying higher taxes. Our modest State EITC helps to level the playing field for Hoosiers who work but who are paid at the bottom of the wage scale. State EITC funds are spent in local communities with local businesses, usually on basic needs such as rent, utilities, food, clothing and transportation.

laUW supports periodic review of the actual use, process and effectiveness of tax credits against the desired policy objectives. However, simultaneous elimination of the entire range of credits is not the best way to achieve a thorough review. Tax credits with the most powerful lobbying presence will be most likely to be reinstated, leaving out other important credits and effectively hurting our state's most vulnerable residents and the organizations that serve them.

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About Us: The **Indiana Association of United Ways** represents 62 United Ways throughout Indiana. Together, Indiana's United Ways raise over \$95 million each year to invest in human services and meet the critical needs of Hoosiers in local communities. To learn more about Indiana Association of United Ways' public policy priorities for 2011, visit www.iauw.org/pubpol/publicpolicy.htm. laUW advocates for:

- **2-1-1** – policies and funding for universal access to 2-1-1
- **Education** - children and youth achieve potential
- **Income** - people become financially stable and independent
- **Health** - people's health improves
- **Charitable Sector** - charitable sector is vibrant