



April 15, 2015

Hon. Jim Prentice
Office of the Premier
Room 307, Legislature Building
10800-97 Avenue
Edmonton, Alberta T5K 2B6

Re: Reduced tax credit for charitable giving in our province

Dear Mr. Prentice,

The Association of Fundraising Professionals (AFP) Calgary & Area Chapter, represents close to 400 members who serve as development directors, fundraising consultants, grant writers, volunteer fundraisers, foundation executive and other individuals dedicated to fundraising and philanthropy in Alberta. The Association was alarmed to learn of the PC's budget decision to reduce the tax credit for charitable giving in our province. This news could not have come at a worse time – in fact, there is no appropriate time. A slowdown in the provincial economy immediately impacts the level of charitable giving from corporations, individuals, foundations, and government. As an Association whose members' general purpose is to support the work of the charitable sector in this province, our members are already seeing reduced giving, renegotiation of pledge payments and a moratorium on multi-year gift commitments.

It is important for government to note that during the economic downturn in 2009, 52% of AB charities reported decreased donations from individuals, 64% of Alberta charities reported decreased corporate funding, and 41% of charities reported decreased government revenue. An additional 44% reported that government funding remained flat and has never fully recovered, let alone kept pace with growth in the demand for service and inflation. Decreasing the Charitable Tax Credit from 21% to 12.75% adds insult to injury for so many Albertans who give, who volunteer, who support, and who receive services from charities that bridge the gap when government cuts back.

Budget 2015 states that “The enhanced credit provided current donors with significant tax savings, but had limited success in encouraging higher total donations. In other words, it was not an effective tax measure.” What this doesn't take into account are people who have prominently figured the 21% tax credit into their long-range charitable giving plan and, even more so, into their legacy giving. Many donors will now be scrambling to rework and renegotiate future pledges and estate plans. If anything, we need to do a better job of publicizing the 21% tax credit so that more donors can take advantage of this valuable tax incentive.



Andrea McManus, CFRE, Chair of the AFP Canadian Government Relations Committee says, “We’ve got to grow the number of Canadians who give—that’s crucial to a healthy non-profit sector. Let’s give the tax credit more time to work—and the non-profit sector more time to build its donor base in a stronger environment. Otherwise, we’re just making knee-jerk reactions that aren’t going to benefit our communities.” A number of our members have pointed out the inequity in the fact that the lucrative tax credits for contributions to Alberta political parties remain untouched.

The economic slowdown in Alberta further magnifies the valuable work that charities must continue to do, even with constricted resources, to support the people of this province. Decreasing the Alberta Charitable Tax Credit flies in the face of what we, as philanthropic Albertans, expect from our government.

Sincerely,

Lorie Abernethy, MA, CFRE
President,
AFP Calgary and Area Chapter