

SAT-7 House Ways and Means Testimony

Title of Hearing: Tax Reform and Charitable Contributions on February 14, 2013.

Presenter: Ruth S. Thomas, SAT-7® North America, d/b/a SAT-7



Ladies and Gentleman, thank you for this opportunity. I am Ruth Thomas, Vice President for SAT-7. As a 501(c)3 non-profit organization in Maryland, our office raises funds and builds awareness for our International ministry office in Cyprus. We are the largest Christian satellite network broadcasting into the Middle East and North Africa (MENA) with 5 full time, 24/7 channels, with studios in Beirut, Cairo, Turkey, Cyprus and London. We are believed by some to be the most watched satellite television channel in Iran, exerting substantial influence in the thinking and hearts of men and women, not just in Iran, but around the entire MENA region. SAT-7 neither seeks, nor receives, any local, state or government funding in the USA, but are fully funded by private donors, foundations and churches.



Today, I am not just representing SAT-7, but thousands of non-profit, non-governmental organizations and millions of donors who give sacrificially to make a difference in our world through non-profits -- so I hope my comments will have some relevance to your considerations.

As a non-profit organization we partner with donors, working with agility, integrity, and great efficiency, doing more with less. SAT-7's viewing audience in the Middle East is 15 million people and growing. With a budget of 14.5 million worldwide that equates to less than \$1 per viewer...per year. The programs are not what you might expect of religious programming, but are, by design, quite relevant to the needs and thinking of Middle Easterners, highly influential, cover many topics, and often startlingly positive to those who watch.

With rare exceptions, the vast majority of non-profit employees live on very modest salaries. We don't have generous retirement and benefit packages, predictable pay raises, and we don't typically belong to unions. Instead, most of us serve because we choose to do so. This commitment, and low operating costs, are among the reasons why non-profits produce an efficiency and effectiveness that government agencies, no matter how well intentioned, can replicate.

But for some high profile exceptions, non-profits don't boast publically of their accomplishments. We seldom hold press conferences. Except in the case of natural disasters, non-profits are largely ignored by the news media. We work quietly beneath the radar, just doing our jobs. The people of non-profits serve because we want to, to relieve suffering, to positively influence our world, doing so voluntarily and willingly. The effect of our collective work is deep and wide, and largely unknown.

When most people come to understand the scope of the work of non-profits, the massive amount of good that is being done, they are amazed. They learn that people so close to human need, so caring,

who are themselves giving and inspiring...are by the millions doing things that no government program could ever do, no matter how well planned, funded or legislated.

Yes, there is a vital place for government programs and assistance, but the non-profits of this nation are doing stunning, expansive work that cannot be duplicated in any other way. And it often comes as a surprise to people that the majority of giving that enables the work of non-profits, comes from that one percent of wealthy Americans who are so often maligned as not paying their fair share. For some organizations, that segment accounts for 80 percent or more of their income. Yes, there are many wealthy folks who give little. But I am referring to that special segment who give generously to causes they believe in. And there are many.

With the gifts of thousands of donors, SAT-7 is active in changing hearts and minds in the Middle East. We are transforming the image of America, helping them grasp our values and the love Christians have for all Middle Eastern and North African peoples. Our programs present a Christian worldview in an area lacking in hope.

In the case of SAT-7 viewers, millions in Iran, Afghanistan and Saudi Arabia...people across the Middle East...are willingly turning their hearts and minds to SAT-7, in search of a positive alternative to the hateful and extremist national dialogues in their own countries. This is the power of just one non-profit to go places and positively influence people, right in their homes via satellite, in nations where diplomacy efforts are at an impasse.

And we are but one of thousands of non-profits who are reaching out with tangible love and help to many countries, aiding Syrian and Iraqi refugees and others. Non-profits are the many points of light spoken of by President Ronald Reagan, the shining city on a hill. Non-profits are feeding children, running universities, advocating for human rights, building orphanages, funding hospitals, fighting AIDS, doing cancer research, working in the inner cities. The list goes on and on. The effects of all this work won't earn any accolades for us personally, but I can assure you that the good done is very real and of lasting value, delivered with great efficiency and effectiveness.

So as you consider limiting the charitable deduction, an American institution in our tax code that has made possible the greatest growth and effectiveness of non-profit work in history, of any nation in the world, you are considering cutting off our life blood.

The majority of non-profits receive the largest portion of their operating funds from people who give and, yes, who receive a tax deduction. High-net-worth donors are just as motivated by the tax deduction as the smaller donors, they are just able to give more...substantially more. Receiving a tax deduction for charitable giving (which is already limited to 50 percent of a person's adjusted gross income) is so much a part of these donor's motivations that most organizations offer estate planning and other giving services to donors, helping them to accomplish the greatest good, while receiving the best tax reduction or deferment. Without reservation I can tell you that if the deduction is reduced, capped, or limited in any way, donors will GIVE MUCH LESS, even though they would like to give more. Donors even call us in January, anxiously waiting for those tax deductible receipts. So we know how much the tax deduction is part of their thinking. **It is no understatement to advise you that their giving, their ability to give, will undoubtedly plunge without that incentive.**

Non-profits have struggled since 2008 because of the Recession. To hamstring the public's generosity at this point would severely impact the good work of thousands of non-profits, universities, hospitals,

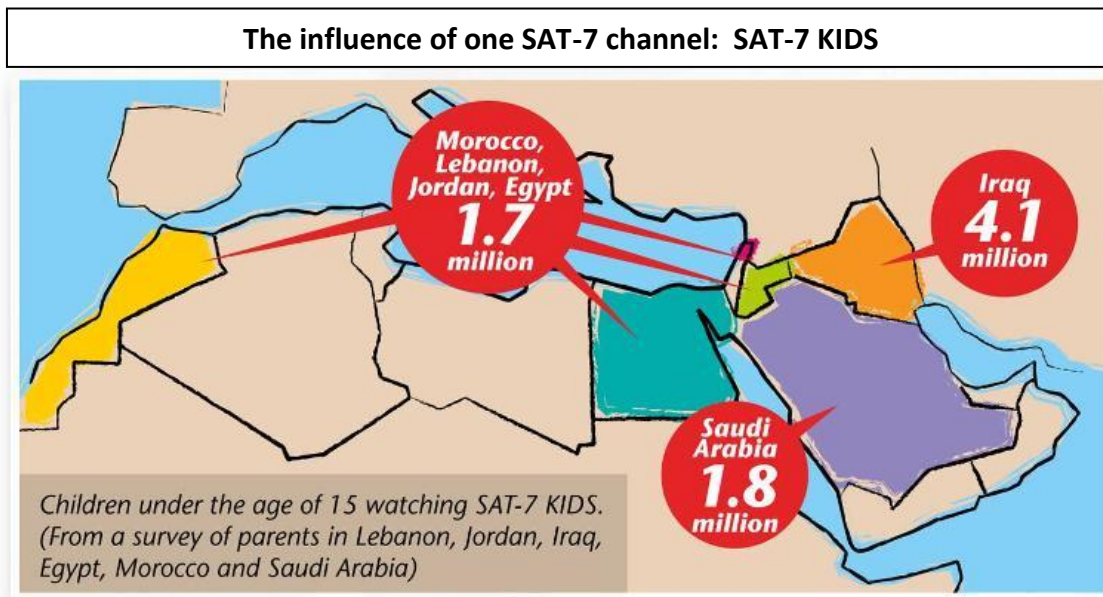
medical research, mission groups and many others. In our case, we would be forced to lay off staff and cut programming and broadcasting, silencing for hours every day this vitally important Christian voice in the Middle East. If anything, the charitable deduction allowance of 50 percent of adjusted gross income should be increased, not reduced.

Moreover, to change the law in such a way that limits the ability of non-profits to do good with well-established efficiency and effectiveness will mean that needs will go unmet, or must be addressed by more government spending, with less efficiency, thereby increasing even more our dangerously high deficit. To assume that limiting the deduction will not affect non-profits is, to be blunt, naïve and ill-informed. Taxing always discourages behavior. Providing incentives has the opposite effect.

As word of this potential change in the tax code has spread, I have heard some people say that to limit the deduction is not just the wrong approach, but deeply troubling, even offensive. Their reactions emphasize just how effective non-profits are, and how much tens of thousands of organizations rely on high-income, generous donors who are clearly motivated to give generously while receiving a tax deduction.

Many organizations will falter if the charitable deduction is limited, capped, adjusted, or removed. America is the most generous country in the World. I urge you, our duly elected representatives, to be enabling and encouraging giving to non-profits, not the opposite.

Thank you for this opportunity.



What is SAT-7:

Website: www.sat7usa.org

For over 15 years, SAT-7's satellite broadcasts have bypassed rulers, religions and regimes, bringing free Christian content directly to individuals in the relative safety of their homes across the Middle East and North Africa.

SAT-7 is the only broadcast ministry in the region delivering culturally sensitive programming in Arabic, Turkish and Farsi, transcending barriers and transforming lives. The power of SAT-7's uncensorable satellite broadcasts is indisputable, and is reaching into a region where ethnic and religious minorities are often oppressed or even persecuted. Women, children and the disabled are often marginalized, and clearly disadvantaged due to illiteracy and lack of basic human rights.

SAT-7's broadcasts are conscientiously developed to dispel misconceptions about Christianity and Christians in the region without demeaning or attacking other religions. Our philosophy of ministry, our ethos, has made our programming remarkably effective in reaching the open hearts of people living in Middle Eastern and North African cultures. The values expressed on SAT-7 programs appeal to people of all ages – many of whom are non-believers – and families that regard SAT-7 as a “safe” place for their children. And, our programs serve to edify the Church and reinforce freedom of worship for Christians in the region. Viewer interaction offers SAT-7 the opportunity to nurture whole families and help connect them to local churches and other resources.

Dr. Luis Palau stated that, “SAT-7 is reaching otherwise near unreachable people in closed countries. I’m grateful God has put SAT-7 in place for such a time as this. I’m a friend of SAT-7 because SAT-7 is doing God’s work in the Middle East.”

“As parents, we want to thank you for your great efforts to provide a dedicated Christian channel just for kids in the Middle East! We feel safe to leave our children to watch your channel 24/7.” - a SAT-7 KIDS viewer

“If you want to change a nation, you must start with the children.” - Rita El Mounayer, Executive Director, SAT-7 ARABIC, PLUS and KIDS.

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Middle East Hope

