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*“General diffusion of Christian knowledge hath a natural tendency to correct the morals of men, restrain their vices, and preserve the peace of society.”*

*Patrick Henry*

**Treasury Department Issues Guidance Regarding Tax Credit Scholarship Donations**

The U.S. Department of Treasury has [issued guidance](#) intended to address concerns that a proposed regulation would reduce tax incentives for people to give to charitable organizations. The troublesome regulation was proposed after the passage of the 2017 Tax Cuts and Jobs Act (TCJA) limited state and local tax (SALT) deductions to \$10,000 (before the TCJA law was passed, these SALT deductions were unlimited). In response to the limitations in the new law, some high-tax states (NY, NJ, and CT) [created “workarounds”](#) that allowed residents to count some of their state and local taxes as charitable contributions to the government. In so doing, these states ensured that their residents retained a tax benefit from the federal government while keeping state taxes at higher levels. To prevent these state workarounds, the IRS proposed a rule last August that limited the federal charitable deduction where a state tax credit was offered. However, [school choice supporters](#) expressed concern that the proposed rule would also remove the existing incentive for individuals to give to state-level charitable organizations such as scholarship granting organizations, and thus reduce the number of scholarships available for students. Scholarship granting organizations are the charitable organizations that receive donations from individuals and businesses and then distribute scholarships to students enrolled in tax credit scholarship programs. They provide school choice for approximately 300,000 students in 18 states. In an effort to address these concerns, the new guidance states that donors can claim a donation, up to the \$10,000 cap, for both a federal deduction and a state tax credit. However, those who exceed \$10,000 in their charitable giving will only be allowed to claim a federal deduction for the amount that exceeds what they can claim for their state tax credit. The guidance also states that these changes will be finalized through the rulemaking process, indicating that there will be a forthcoming proposed regulation with opportunity for public comment. School choice advocates have given the guidance [mixed reviews](#). John Schilling, president of the American Federation for Children, [said](#) he was “very pleased” with the steps taken, adding that the “contributions [to SGOs] are an educational lifeline” to students who use them for school choice. Secretary of Education Betsy DeVos also [praised](#) the new guidance, calling it “fair to students and taxpayers alike.” She also expressed gratitude to the “families, donors, non-profits, and state and federal policymakers who raised their voices about the benefits of education freedom and who articulated the unintended consequences of the proposed rule during the public comment process.” However, EdChoice issued a [statement](#) from their Vice President of Legal Affairs Leslie Hiner which called the guidance only a “whisper of hope” and stated that “the rule adopted today remains an unwelcome change in tax law that works against those who generously give to charities.” Hiner did note, however, that “the promise of a new proposed rule to alter today’s final rule is a positive step forward.”

## **Supreme Court Rules Bladensburg Cross Can Stay**

Last Thursday, the Supreme Court issued a 7-2 opinion in favor of keeping the [Bladensburg cross memorial](#) in place. The Bladensburg cross is a 94-year-old World War I memorial that was erected by grieving mothers of 49 fallen U.S. soldiers from Prince George's County, MD. The 32-foot Latin cross stood peacefully, until the American Humanist Association filed a lawsuit in 2014 to remove the cross, claiming that it violated the Establishment Clause. The court issued a plurality opinion, meaning that the majority agreed that the cross's existence was constitutional, but the justices fractured into different opinions about finer details of the decision. Seven justices chose to write opinions, with Justice Alito's being the majority opinion. In their [concurring opinions](#), Justice Thomas argues for a complete overruling of the Lemon test, the cumbersome three-pronged test used for the past forty years to determine whether there is an infringement of First Amendment rights. Justice Gorsuch argues that the American Humanist Association had no standing to sue because simply being an "offended observer" did not constitute a real harm. The majority did not agree with [these points](#), but enough justices agreed that the Lemon test is defunct as it applies to "religiously expressive monuments, symbols and practices." While the multiple opinions offer a [mixed-bag](#) of constitutional interpretation, the ruling was certainly a win for religious liberty and may be the first indication that the Lemon test ultimately will meet its demise.

## **Pro-Life Rule Protected by 9<sup>th</sup> Circuit Court**

The 9th U.S. Circuit Court of Appeals [ruled](#) last Thursday that President Trump's "Protect Life Rule" could move forward effectively stopping Title X funds from going to healthcare facilities that provide abortions or abortion referrals. Title X is a federal grant used to provide funds for family planning facilities, including preventative services. The Protect Life Rule, finalized in March, specified that any organization receiving Title X funds had to be both financially and physically separated from facilities which offer abortions. Although the rule was immediately challenged in court, the recent ruling from the 9th Circuit Court will affect Planned Parenthood significantly by forcing it to separate its health care facilities from its abortion facilities. While Planned Parenthood claims that it mostly provides general health care, opponents have long complained that Title X funds were entangled in providing abortions. Currently, Planned Parenthood receives [millions](#) of dollars each year from the federal government and performs over 300,000 abortions per year. Planned Parenthood is estimated to lose up to [\\$60 million](#) in federal funding when this rule takes effect. This new rule will also allow funding to go to faith-based [pregnancy centers](#) that do not perform abortions or administer contraceptives. Many states are opposing the ruling, including Oregon and Washington who claim they will withdraw from the Title X program completely if the rule is implemented. Of course, if they do withdraw, they will forfeit millions of dollars in funding.

## **In Case You Missed It:**

[Weekly Market Update](#) provided by Jeff Beach of the [AACIS Investment Team at Merrill Lynch](#)

[Congressional Democratic Leadership Blocks Bill to Stop Infanticide for 63rd Time](#)

[Is the Cause Lost or Gained? Three Educational Choice Stories from Across the Country](#)

[Transgender Athletes Face Federal Discrimination Complaint from Females over Title IX Violations](#)

[Harvard Study Reveals Religious Upbringing Better for Kids' Health, Well-Being](#)

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