

## Charitable Giving Incentive

Charitable nonprofits continue to experience growing demand for their services, yet costs continue to rise due to inflation while private donations are declining. The needs in our communities are far greater than the ability of governments to address alone. Congress should empower millions more taxpayers to help solve these challenges by donating more to the work of charitable organizations in their communities.

### The Challenge

The number of people giving back to their communities has plummeted since 2002, when about 67% of American households made charitable contributions, compared to today's percentage of only half.<sup>1</sup> Recent data show that charitable giving declined in real terms in 2022 and more than 70% of charitable nonprofit organizations anticipate that giving will decline or remain flat in 2023.<sup>2</sup>

The Federal Reserve's latest survey of entities serving low- to moderate-income communities found charitable nonprofits need additional resources to meet the public's demand for services. Seventy percent of responding nonprofits reported an increase in demand for services over the past year, while only 45% said they can meet most of their demand. Compounding these challenges, inflation has eroded the ability of organizations to afford their existing levels of operations, much less expand them to meet the growing need.<sup>3</sup>

<sup>1</sup> See "Donor Participation" in [Giving Dashboard](#), Urban Institute, updated Dec. 2, 2022.

<sup>2</sup> [Quarterly Fundraising Report](#), 2022 Year-to-Date Nonprofit Sector Trends, Fundraising Effectiveness Project, April, 2023; Initial analysis of more than 1,600 responses to a nationwide survey of charitable nonprofits conducted in April 2023 by the networks of the National

### Legislative Solution

#### The Charitable Act

([H.R. 3435/S. 566](#))

- Provides a non-itemizer deduction of up to one-third of the standard deduction (approx. \$4,600/individual and \$9,200/couple).
- Available in 2023 and 2024.

Without a change in policy, these trends will continue to weaken the ability of charitable organizations to serve their communities.

### Legislative Solution

Congress can help alleviate some of the funding difficulties the sector is facing by enacting the **Charitable Act**. The legislation would empower taxpayers to give back to their communities by granting a tax incentive of roughly \$4,600 for individuals/\$9,200 for couples regardless of whether they claim other itemized deductions. This would incentivize giving to the work of charitable organizations in local communities, encourage taxpayers to give more to the missions they support, and effectively reduce demands on governments.

### The Ask

Will you cosponsor the **Charitable Act** ([H.R. 3435/S.566](#)) and urge your leadership to include it in any tax bills moving through Congress?

Council of Nonprofits, initially published via [Linked In](#) and [Twitter](#).

<sup>3</sup> [Perspectives from Main Street](#), Nishesh Chalise, Violeta Gutkowski, and Heidi Kaplin, Fed Communities, Nov. 15, 2022; Consumer Price Index News Release, U.S. Bureau of Labor Statistics, May 10, 2023.