

The 2017 Tax Debate Experience and Budget Reconciliation

What Nonprofits Need to Know Before the Tax Reform
Debate Begins

January 9, 2025

The 2017 Tax Debate Experience and Budget Reconciliation



What We'll Cover

The 2017 Tax Debate Experience

- Background; Why We're Here
- A Reporter's Perspective

Important Nonprofit Perspectives

- Defending Nonprofit Nonpartisanship
- Promoting Charitable Giving Incentives

Reconciliation and Nonprofits

- The Budget Reconciliation Process
- Q & A



Tiffany Gourley Carter,
NCN



Bernie Becker,
Politico Pro



Amanda Tyler,
BJC



Brian Flahaven,
CGC / CASE



David L. Thompson,
NCN

Introductions and Background



Tiffany Gourley Carter
Policy Counsel
National Council of Nonprofits

Provisions Affecting Nonprofits



Reference Table: Expiring Provisions in the "Tax Cuts and Jobs Act" (TCJA, P.L. 115-97)

Updated November 13, 2024

Congressional Research Service
<https://crsreports.congress.gov>
R47846

CRS REPORT
Prepared for Members and
Committees of Congress

Passed Provisions

- **Standard Deduction**
(expiring)
- **State and Local Tax (SALT) Cap**
(expiring)
- **Paid Family Leave Credit**
(expiring)
- **University Endowment Excise Tax**
(permanent)

A background image of a document titled "Reference Table: Expiring Provisions in the 'Tax Cuts and Jobs Act' (TCJA, P.L. 115-97)". The document features a table of contents with various tax provisions listed on the left and page numbers on the right. Some items are highlighted in yellow. The visible items include: Personal exemption (2), Child tax credit (2), Credit for other dependents (2), Above-the-Line Deductions (2), Moving expense deduction (2), Charitable contributions (2), State and local tax (SALT) deduction (2), Mortgage interest deduction (2), Personal exemption (2), Wages, tips, and other compensation (2), Loss deduction (2), Miscellaneous expenses (2), Itemized deductions (2), Bicycle commuter reimbursement (2), Moving reimbursement (2), Combat zone tax benefits for members of the Armed Forces in the Sinai Peninsula (2), Alternative Minimum Tax (2), ABLI Accounts (2), Achieving A Better Life Expenditure (2), ABLI accounts and the 1999 ABLI (2), 529 to ABLI (2), Business provisions (2), Other Provisions (2), Estate and gift tax (2), Employer credit for paid family and medical leave (2), Qualified opportunity zones (2). The table also includes sections for "Tables" (Table 1. TCJA Expiring Provisions, page 16) and "Contacts" (Author Information, page 2).

Provisions Affecting Nonprofits

Provisions Not Included

NATIONAL COUNCIL OF NONPROFITS
National voice. State focus. Local impact.

Tax Cuts and Jobs Act, H.R. 1
Nonprofit Analysis of the Final Tax Law*

UPDATED April 5, 2018

ISSUE	LEGISLATIVE CHANGE	IMPACT ON CHARITABLE NONPROFITS
JOHNSON AMENDMENT (NONPROFIT NONPARTISANSHIP)	<ul style="list-style-type: none"> Preserves nonprofit nonpartisanship by leaving longstanding law intact. House-passed version would have weakened existing law, which for 60+ years has protected charitable nonprofits, houses of worship, and foundations so they can work in communities free from partisan pressures, divisions, and interference. 	<ul style="list-style-type: none"> The House-passed tax bill and several bills pending in Congress would repeal or weaken the Johnson Amendment. More than 5,000 organizations nationwide, along with thousands of religious leaders, faith organizations, law enforcement officials, and the vast majority of the general public oppose weakening the 1954 Johnson Amendment. Visit www.GiveVoice.org for more information.
STANDARD DEDUCTION AND INCENTIVES FOR CHARITABLE GIVING	<ul style="list-style-type: none"> Increases the standard deduction for individuals (to \$12,000), couples (to \$24,000), and heads of households (to \$18,000). Raises the limit on cash donations for those who itemize deductions to 60% of adjusted gross income (AGI), up from the current 50% of AGI. Repeals the "Pease limitation" on itemized deductions that limits deductions for upper-income individuals. Provision sunsets after 2025. 	<ul style="list-style-type: none"> As a result of the change, the charitable deduction would be out of reach of more than 87% of taxpayers. The Joint Committee on Taxation (JCT) estimates that itemized deductions will drop by \$95 billion in 2018. Not all of this would disappear: the change is estimated to <i>shrink giving to the work of charitable nonprofits by \$13 billion or more each year</i>. Estimates are that this drop in giving would cost 220,000 to 264,000 nonprofit jobs. (Update 2/22/2018) While the loosening of the AGI limitations for charitable deductions and the eliminating limits on itemized deductions for upper income taxpayers would be helpful, the impact would be limited to the few taxpayers (13%) who would continue to itemize deductions.
UNIVERSAL DEDUCTION FOR CHARITABLE CONTRIBUTIONS (ALSO CALLED NON-ITEMIZER OR ABOVE-THE-LINE DEDUCTION)	<ul style="list-style-type: none"> No provision to extend charitable giving incentives to non-itemizers was included in the bill. 	<ul style="list-style-type: none"> Congress failed to include a universal deduction that could have corrected the negative consequences of doubling the standard deduction. One such proposal is the Universal Charitable Giving Act (H.R. 3988/S.2123), which would allow non-itemizers to deduct up to \$4,000/individual and \$8,000/couple each year.
STATE AND LOCAL TAX (SALT) DEDUCTIONS	<ul style="list-style-type: none"> Limits the amount of state and local income taxes and property taxes, in the aggregate, that can be deducted from federal taxes to just \$10,000. 	<ul style="list-style-type: none"> Likely to pressure state and local governments to enact tax and spending cuts, leading to elimination of programs serving people in need and increasing burdens on charitable nonprofits and foundations to fill the gaps.

* Tax Cuts and Jobs Act of 2017, Public Law 115-409, December 22, 2017.

- Nonprofit Nonpartisanship
- Universal Charitable Deduction
- Private Foundation Excise Tax
- Highly-Compensated Nonprofit Employee Excise Tax
- Art Museum Open Hours Requirement
- Intermediate Sanctions
- Unrelated Business Income Tax (passed and then repealed)

A Reporter's Perspective on the 2017 Tax Debate



Bernie Becker

Tax Reporter

Politico Pro

Defending Nonprofit Nonpartisanship



Amanda Tyler

Executive Director

BJC (Baptist Joint Committee for Religious Liberty)

Promoting Charitable Giving Incentives



Brian Flahaven

Chair, Charitable Giving Coalition

Vice President, Strategic Partnerships,
Council for Advancement and Support of
Education (CASE)

*What Nonprofits Need to
Know about*

The Budget Reconciliation Process



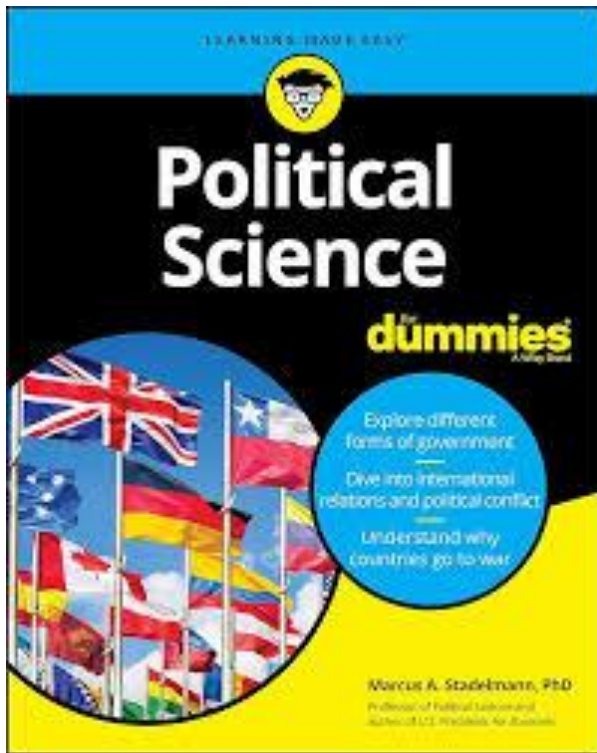
David L. Thompson
Vice President of Public Policy
National Council of Nonprofits

Budget Reconciliation

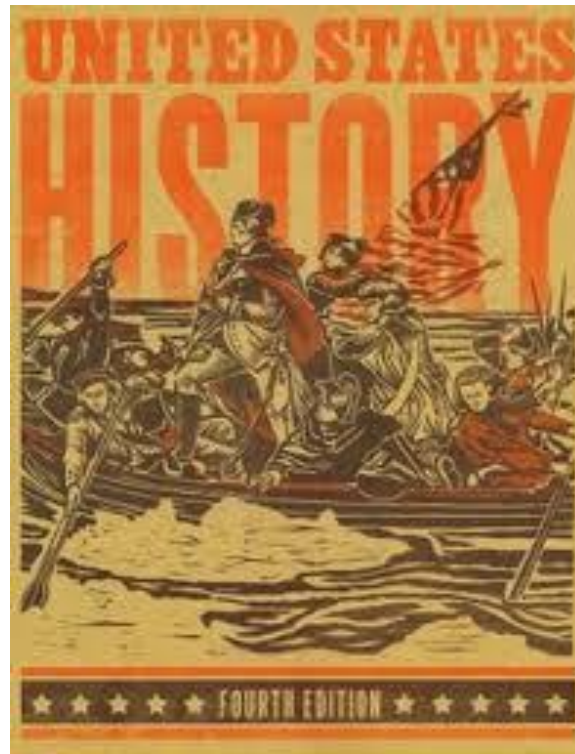


Budget Reconciliation

Political Science



History



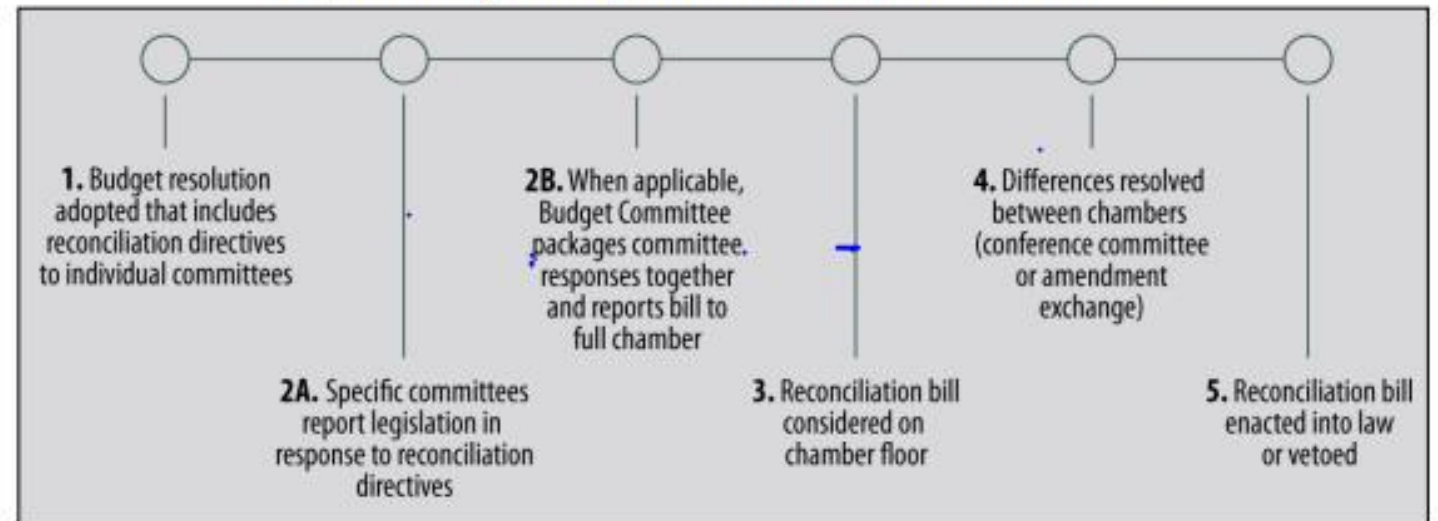
Fantasy



Oh, the Humanities






The Budget Reconciliation Process

Figure 1. Major Stages of the Reconciliation Process







Source: Congressional Research Service.





The Budget Reconciliation Process

Budget Reconciliation				
B	I	N	G	O
	Budget Resolution	Tax Reconciliation	Spending Reconciliation	Debt Limit Reconciliation
Budgetary Goals	Permanent Law	Budget Window	Sunset	Reconciliation Directives (Committee Instructions)
Revenue Effect	Byrd Rule		Extraneous Matters	6 Definitions
“Merely Incidental”		Byrd Bath	Senate Parliamentarian	
Byrd Droppings	Point of Order	Motion to Recommit		Vote-A-Rama





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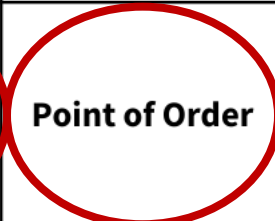


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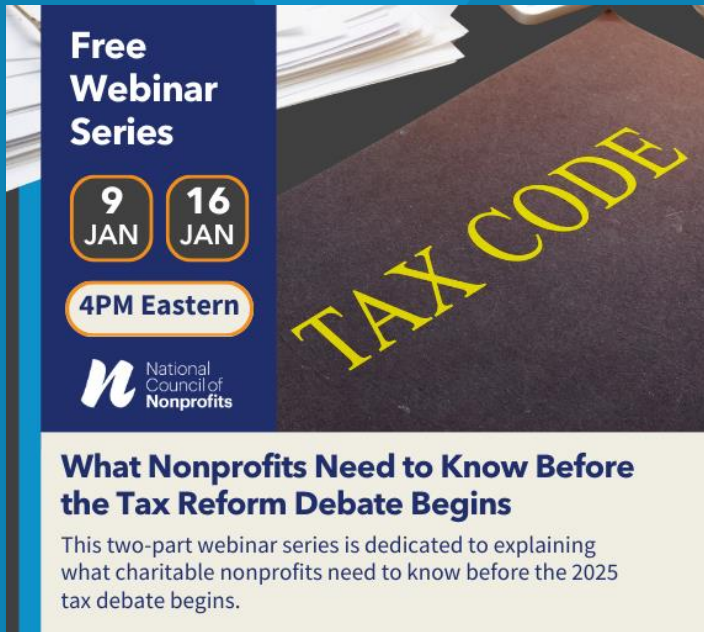
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Q & A

Thank you!



Free Webinar Series

9 JAN **16 JAN**

4PM Eastern

n National Council of Nonprofits

What Nonprofits Need to Know Before the Tax Reform Debate Begins

This two-part webinar series is dedicated to explaining what charitable nonprofits need to know before the 2025 tax debate begins.

Follow Up

- The recording and slides will be sent to you by tomorrow (1/10).
- Please complete the survey that will accompany the recording/slides so we can ensure these webinars are addressing your interests and needs.

Next Webinar

Hot Tax Issues in 2025 and Nonprofit Priorities

Thursday, January 16, 2025 | 4:00 – 5:00 pm Eastern

About NCN

National Council of Nonprofits

Communities thrive when nonprofits succeed. For more than 30 years, the National Council of Nonprofits has mobilized the nation's largest sector-wide network of nonprofits to achieve transformative results. We champion, connect, and inform nonprofits across the country. Join our collective efforts to ensure a connected and powerful nonprofit community equipped to champion the public good.