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Federal

Tax Reconciliation Package Moving. Take Action!

Nonprofit organizations are under threat. The House of Representatives is slated to vote as soon as this week on a [tax reconciliation package](#) that includes several harmful provisions opposed by NCN that would, if enacted, threaten the nonprofit sector. The bill also includes a new deduction for charitable giving. Read NCN's [chart](#) of the tax provisions and [full analysis](#).

Your voice matters! Thanks to the effective advocacy of nonprofit organizations nationwide, House Republicans removed a provision from the tax bill that would have granted unprecedented authority to the Executive Branch to revoke nonprofit status from organizations without due process. Nonprofits warned that this provision would have allowed Administrations to target charitable organizations based on ideological grounds.

This is important progress in ensuring the tax bill doesn't harm nonprofit organizations, and validation of our effective collective advocacy. NCN will remain vigilant in ensuring such harmful language isn't added back as tax legislation moves towards enactment.

Action Alert

Nonprofits should [contact their Republican Senators and Representatives](#) and urge them to:

OPPOSE granting unprecedented authority to the Executive Branch to revoke nonprofit status from organizations without due process. This provision allows Administrations to target charitable nonprofits based on ideological grounds. See NCN's [one-pager](#) on why Congress should protect nonprofits from Executive Branch overreach.

OPPOSE new or expanded taxes on nonprofit organizations, including foundations. These proposals divert scarce resources away from essential services, undermine the ability of charitable nonprofit organizations to meet needs in their communities, and put greater strain on government. See NCN's [one-pager](#) on protecting nonprofits in tax reconciliation for more information.

OPPOSE limits on charitable donations as a "pay for" for the bill. These proposals discourage charitable donations made by individuals and corporations, ultimately leaving nonprofits with fewer resources to serve their community.

✓SUPPORT and EXPAND tax incentives for charitable giving. The bill includes a non-itemizer deduction for charitable giving. Congress should expand the deduction to full scale, as proposed in the Charitable Act, introduced by Sen. Lankford (R-OK), Sen. Coons (D-DE), Rep. Moore (R-UT), and Rep. Pappas (D-NH). See NCN's [one-pager](#) on the Charitable Act for more information.

Republicans hope to enact the package through both chambers by July 4, although internal disagreements could lead to delays.

[Read about Nonprofits Under Threat: What's in the House Tax Bill and How You Can Help](#)

Nonprofits Under Threat: What's in the House Tax Bill and How You Can Help

Analysis of the draft tax legislation approved by the House Ways and Means Committee and suggested actions for nonprofit advocates.

[Read about Initial Analysis of the 2025 Tax Bill and Its Impact on Charitable Nonprofits](#)

Initial Analysis of the 2025 Tax Bill and Its Impact on Charitable Nonprofits

Chart of the implications of specific sections in the draft tax legislation.

[Read about Transparency, Evidence, and Rule of Law](#)

Transparency, Evidence, and Rule of Law

Discussion of why policymakers should not include a provision providing authority to the Executive Branch to revoke nonprofit status without due process.

Worth Quoting

On tax exempt status

- "If the Trump Administration can silence universities today, who will be next? This is not just an isolated policy; it's an existential threat to the entire nonprofit sector."

— Diane Yentel, president and CEO of the National Council of Nonprofits, [Trump's Tax Fight with Harvard Sends Chill Through Nonprofit Sector](#), *Axios*, May 5, 2025.

On the impact of budget reconciliation on nonprofits

- "Nonprofits aren't political tools — they are lifelines rooted in compassion and service. They honor the dignity of every person, regardless of where they live, how they worship, or whom they love. Budgets are moral documents. And right now, we must decide whether we invest in compassion, justice, and community — or allow politics to tear these supports away."

— Jill Bennett, CEO of the **Utah Nonprofits Association**, [Letter: Nonprofits are Under Attack by the Trump Administration — And so is the Well-Being of Us](#)

[All](#), *The Salt Lake Tribune*, May 7, 2025.

- “While technical to some, these policy choices have very real consequences here at home. Proposals that reduce charitable giving incentives, impose new taxes or fees, or create instability in nonprofit funding could force organizations to scale back services – or shut down altogether.”

— Kimberly Kolakowski, Executive Director of Firefly and board member at the **Iowa Nonprofit Alliance**, [Opinion: Congress Must Protect Iowa’s Nonprofits in Tax Policy](#), *The Daily Nonpareil*, May 6, 2025.

Federal FastView

- **SCOTUS to Decide on Nationwide Preliminary Injunctions:** Last week, the U.S. Supreme Court heard [oral arguments](#) on whether federal district court judges have the power to issue nationwide preliminary injunctions. While the consolidated case brought by nonprofits, state attorneys general, and individuals challenged an [executive order](#) against birthright citizenship, the hearing focused on if a single federal court should have the authority to stop executive actions nationwide. The outcome of this case could affect [both cases](#) brought by NCN to stop federal funding freezes, in which district court judges have issued nationwide preliminary injunctions. A decision is expected by late June.
- **Lawmakers Respond to Administration Threats to Withhold Funds:** Several Republicans on the House Appropriations Committee have voiced [growing concern](#) over threats from the White House that it is open to unilaterally withholding or freezing funding Congress approves in upcoming FY26 spending bills. Rep. Simpson (R-ID) warned such efforts could be “illegal,” and Rep. Amodei (R-NV) retorted, “That’s a funny way to treat your friends.” Setting up a decision on separation of powers and expansion of presidential powers under the U.S. Constitution, Sen. Paul (R-KY) foreshadowed, “I think the goal is the Supreme Court.”
- **Medicaid, Food Security Programs Cut:** Two House Committees voted last week to make significant changes to Medicaid and the Supplemental Nutrition Assistance Program (SNAP, previously known as food stamps), as part of the larger tax reconciliation package. The House Energy and Commerce Committee

voted along party lines to cut Medicaid spending by requiring states to create and expand work requirements and [mandatory volunteerism](#), imposing a new federal cost-sharing requirement for adults earning just above the federal poverty limit, and preventing states from increasing taxes on healthcare providers, among other things. Together, these changes could result in [13.7 million](#) more people without health insurance. Changes to SNAP by the Agriculture Committee include limiting future increases to benefits, imposing stricter work requirements, and shifting future costs to states.

Worth Quoting

On the legacy of nonprofits

- “In our work, there are so many moments of frustration and futility as we climb the mountain in the never-ending task of providing services for those people needing our care and support in their quest for a fuller and more independent life. Yet, when we have reached the mountaintop with creative and dynamic perseverance, we know a moment of pure joy. We know the ultimate value of our profession: caring for human beings as human beings.”

— Gerry Wright, current chair emeritus on the **Providers’ Council** Board of Directors and one of the organization’s founders, in [It All Started with Gerry: Celebrating 50 Years of Impact Within the Sector](#), Bill Yelenak, *The Provider*, May 2025.

Worth Reading

- [New York’s Food Banks Brace for Triple Whammy of Federal Cuts, Tariffs, and Even Higher Costs](#), Jie Jenny Zou, *New York Focus*, May 14, 2025.
- [Arts Groups for People of Color Steel Themselves After Trump’s NEA cuts: ‘They Poked the Bear’](#), Gloria Oladipo, *The Guardian*, May 11, 2025.
- [Opinion | Connor Daley: Vermont’s Nonprofits are the Backbone of our Communities. Let’s Support Them Like it](#), Connor Daley, *VT Digger*, May 9, 2025.
- [It’s Personal: Why Nonprofits Matter to Everyone](#), **The Foraker Group**, May 7, 2025.

- [Federal Impacts Survey Results](#), **Massachusetts Nonprofit Network**, Boston Foundation, and MassINC Polling Group, May 2025.

State and Local

Regulations Affecting Charitable Nonprofits

Several bills seek to or will change nonprofit regulations and oversight by state law enforcement.

- **Indiana:** A bill signed by the Governor [restricts community benefits](#) for nonprofit hospitals that are not a county-owned hospital, critical access hospital, or a rural emergency hospital to only uncompensated care provided by the hospital when the service remains unpaid after 180 days and the hospital received less than the Medicaid reimbursement rate for the service.
- **Montana:** A bill sent to the Governor's desk would [exempt nonprofit officers](#) at small nonprofits with 10 or fewer employees from personal liability for unpaid tax withholding. It would provide exclusions if the officer or director receives compensation beyond reasonable reimbursement of expenses, the nonprofit is out of compliance for more than 12 months, or the officer or director is involved in fraud, embezzlement, or intentional misconduct.
- **Rhode Island:** A troublesome bill has resurfaced with a new bill number ([H.B. 6235](#), previously [H.B. 5454](#)) to require nonprofits, as a condition for requesting state funds from the General Assembly, to [post on their website](#) the salaries, costs, and benefits provided to their ten highest-paid directors, officers, and employees. It would also require disclosure of any other sources of funding, including fundraising, endowments, trusts, memorial giving, and any and all activities that fund the nonprofit.

Updates on Tax Legislation

As state legislative sessions wrap up, a few bills on property tax are being signed into law. In **Maryland**, the Governor signed a bill authorizing the Mayor and City Council of Baltimore to impose a [special-rate real property tax](#) on property, including nonprofit property, that would otherwise be exempt. He also signed companion bills

([S.B. 516](#) / [H.B. 0389](#)) that authorize localities to exempt large family child care homes from property tax, and increase to \$10,000 the amount in annual property tax credits localities can give to a child care facility. **North Dakota's** Governor signed a bill that creates a 50% [tax credit](#) for qualified employers for child care contributions.

Worth Listening

- [How Your Local Arts Nonprofit Could Suffer from Federal Grant Cancellations](#) (18:21), Ericka Cruz Guevarra, Sarah Hotchkiss, Mel Velasquez, Alan Montecillo, Jessica Kariisa, *KQED*, May 9, 2025.
 - [Colorado Nonprofits Work to Overcome Cuts; What 'Climate Realism' Means for Green Energy](#) (49:31), Chandra Thomas Whitfield, *CPR News*, May 6, 2025, featuring Paul Lhevine, President and CEO of the **Colorado Nonprofit Association**.
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Worth Watching

- [Navigating New Times: A Heart-to-Heart on Supporting Delaware's Nonprofits](#) (14:46), Delaware House Democrats, May 2, 2025, featuring Sheila Bravo, President & CEO of the **Delaware Nonprofit Alliance**.
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Numbers in the News

\$200 Billion

The amount of philanthropic aid Bill Gates is committed to spend down the Gates Foundation assets by Dec. 31, 2045.

Source: [The \\$200 Billion Gamble: Bill Gates's Plan to Wind Down His Foundation](#), David Wallace-Wells, *New York Times*, May 8, 2025.

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