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Joint Statement on Removal of Harmful Provision from Reconciliation Bill



The Council on Foundations, Independent Sector, National Council of Nonprofits, and United Philanthropy Forum are pleased that lawmakers have now struck harmful language from the budget reconciliation legislation that would have allowed the Secretary of the Treasury to unilaterally designate section 501(c)(3) nonprofits as “terrorist supporting organizations” without due process. Removing this language is an important step toward protecting constitutional due process and preserving the ability of nonprofits to serve their communities without undue risk of reputational harm.

It is good to know that lawmakers heard the concerns raised promptly by our organizations and others in the charitable sector. We have been clear from the outset: nonprofit organizations unequivocally oppose terrorism in all forms; any enforcement action of existing laws must be grounded in transparency, evidence, and the rule of law.

While this is a positive step on an important issue, we also know that much work must still be done to ensure that the ultimate budget reconciliation legislation strengthens — not weakens — charitable nonprofits and philanthropy at a time when communities are increasingly dependent on their services.

Quote from Kathleen Enright, President and CEO of the Council on Foundations:

“We are encouraged that Congress took a meaningful step by removing language that would have opened the door to targeting nonprofits based on ideology or association. This provision wasn’t just regulatory overreach—it posed a serious threat to the integrity of the charitable sector and to the American values it upholds. We need policies that strengthen our ability to serve and urge Congress to ensure that the final legislation protects the charitable sector’s ability to meet urgent needs, uphold public trust, and contribute to a stronger society for all.”

Quote from Dr. Akilah Watkins, President and CEO of Independent Sector:

"This is a win for the charitable sector, and we're grateful to members of Congress for listening and removing language that threatened the due process rights of nonprofits. Independent Sector has always been committed to working with Congress on balanced, effective solutions, which is why we convened a working group of legal scholars and infrastructure partners to find an acceptable resolution to the H.R. 9495 debate that began in the last Congress. Still, much work remains to ensure the final legislation strengthens nonprofits in their role serving American communities."

Quote from Diane Yentel, President and CEO of National Council of Nonprofits:

“The removal of the harmful provision giving the Trump administration sweeping authority to strip certain nonprofits of tax-exempt status is a significant victory for nonprofit advocates, though we must remain vigilant to ensure the language doesn’t get added back into the bill on its way to enactment. Still, the broader tax bill poses serious threats to the nonprofit sector and to the communities we serve. The remaining provisions don’t just burden our institutions, they harm the people we

serve. **Nonprofits are not adversaries of the government, they are partners in service.** This bill weakens that partnership and undermines the infrastructure of care that millions of Americans rely on, especially in rural and underserved areas. While we are pleased that members of Congress listened to their constituents on this harmful provision, this bill must undergo further revision.”

Quote from Deborah Aubert Thomas, President and CEO of United Philanthropy Forum:

“We are encouraged by indications that the provision concerning the termination of tax-exempt status for nonprofit organizations has been removed from the current draft of the House bill. This represents a positive step and a win for sector advocates and community partners. However, we must remain vigilant. Language that could threaten the independence and nonpartisanship of charitable nonprofits could potentially be reinserted during the ongoing reconciliation process. While we see this development as a step in the right direction, the initial inclusion of such a provision remains a significant concern. **The nonprofit sector's ability to serve all communities effectively hinges on its independence.** We will continue to actively monitor this and any legislation to ensure that the philanthropic ecosystem, including nonprofits, is protected from measures that could lead to ideological targeting and undermine their vital work.”