Major Tax Package Heads to the Senate. Call TODAY to Protect Nonprofits!

The House of Representatives voted Thursday to approve the “One Big Beautiful Bill Act,” a major tax bill that Republicans hope to enact by summer. The bill now heads to the Senate, where several changes to the bill are expected. This provides the nonprofit sector with an opportunity to urge Senate leaders to remove several harmful provisions which, if enacted, would harm nonprofit organizations nationwide and the people they serve. See NCN’s one-pager on protecting nonprofits in tax reconciliation for more information.

Nonprofit organizations should contact their Republican Senators TODAY.

Take action

Nonprofit organizations can help protect the nonprofit sector and the people we serve in tax reconciliation:

- **Sign a National Letter** - Urge Congress to remove harmful provisions in the tax bill targeting nonprofit organizations. This national letter is led by National Council of Nonprofits, Council on Foundations, Independent Sector, and United Philanthropy Forum.

- **Contact Your Senators** - Urge Congress to protect nonprofits and their ability to serve their communities in the tax package.

Your advocacy works! Nonprofit organizations successfully advocated for congressional leaders to remove a provision that would have granted unprecedented authority to the Executive Branch to revoke nonprofit tax-exempt status without due process. There is more work to do to ensure the tax bill protects nonprofits' ability to serve communities.

We need your help! Please urge your Republican Senators to:

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OPPOSE new or expanded taxes on foundations and nonprofits. These proposals (Section 112022 and Section 112024) 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.

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OPPOSE limits on charitable donations as a "pay for" for the bill. These proposals (Section 110011 and Section 112027) discourage charitable donations made by corporations and individuals, ultimately leaving nonprofit organizations with fewer resources to serve their community.

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SUPPORT and EXPAND tax incentives for charitable giving. Congress should include in the tax reconciliation bill the Charitable Act, introduced by Sen. Lankford (R-OK), Sen. Coons (D-DE), Rep. Moore (R-UT), and Rep. Pappas (D-NH) to create a non-itemizer tax incentive for charitable donations to nonprofit organizations. See NCN’s one-pager on the Charitable Act.

Our top targets include Senators Capito (R-WV), Cassidy (R-LA), Collins (R-ME), Crapo (R-ID), Lankford (R-OK), McCormick (R-PA), McConnell (R-KY), Murkowski (R-AK), Thune (R-SD), and Young (R-IN), although it is important for all members of Congress to hear from constituents.

Impact on nonprofits

The tax bill includes several harmful provisions opposed by NCN that would, if enacted, threaten the entire nonprofit sector:

- **Increasing taxes on foundations as a "pay for" for the bill.** Section 112022 would, if enacted, significantly reduce financial resources available to nonprofit organizations to advance their missions. Foundations with assets of more than $5 billion will see tax rates of 10%, those with assets between $250 million to $5 billion would see tax rates of 5%, those with assets between $50 million and $250 million would pay 2.8%, and those with assets under $50 million would pay the existing 1.4% tax. At a time when nonprofit organizations face enormous financial challenges, the tax bill would make it even harder for organizations to serve their communities and fill the gaps unmet by local, state, and federal governments.

- **Increasing taxes on nonprofits.** Section 112024, if enacted, increases and expands Unrelated Business Income Tax (UBIT) to include any qualified transportation fringe benefit, such as transit benefits or parking benefits, for charitable organizations. The provision also carves out an exception for church-affiliated organizations. In essence, this provision applies an *income* tax on an *expense*. This provision was previously passed in 2017 and subsequently repealed due to the confusing nature of applying an *income* tax on an *expense* and difficulty of quantifying the expense of certain benefits such as the cost of a parking spot already owned by a charitable organization.

- **Discouraging charitable donations made by individuals and corporations.** Section 110011 puts new limits on itemized deductions, including the charitable deduction. If enacted, this provision would significantly reduce the value of itemized deductions for high-income taxpayers, disincentivizing charitable giving. Section 112027 creates a 1% floor for charitable contributions made by corporations. In doing so, this provision would discourage corporate giving, if such donations amount to less than 1% of their taxable income.

NCN supports the inclusion of a non-itemizer charitable deduction for taxpayers. Thanks to effective advocacy from nonprofit organizations across the nation and the leadership Sens. Lankford (R-OK) and Coons (D-DE) and Reps. Moore (R-UT) and Pappas (D-NH), the tax bill creates a non-itemizer tax deduction up to $150 for individuals and $300 for married couples, regardless of whether the tax filers claim an itemized deduction (Section 110112). This proposal is based on the Charitable Act, a bill introduced by Sen. Lankford, Sen. Coons, Rep. Moore, and Rep. Pappas, and endorsed by NCN. To help bolster the work done in communities by nonprofit organizations, Congressional leaders should ensure this provision remains in the tax reconciliation package and expand it to further incentivize charitable giving.

Other Provisions

The House-passed tax bill deeply cuts or restricts access to several critical safety net programs, impacting many of the same people served by nonprofit organizations.

If enacted, the tax package would:

- **Cut funding for Medicaid,** which could result in at least 13.7 million people losing access to health insurance, according to the Congressional Budget Office (CBO).

- **Exclude low-income families from accessing the expanded Child Tax Credit.** 17 million children in low-income households would be denied the expanded benefit because their families do not have high enough incomes, and 4.5 million U.S. citizen children would no longer have access to this resource if they are in a mixed-status immigrant family.

- **Cut the Supplemental Nutrition Assistance Program (SNAP)** by about 30%, the largest cut in the program's history. As a result, food assistance would be taken away from millions of people who struggle to afford the high cost of groceries.

Next steps

Now that the House of Representatives has voted to approve the tax package, the bill heads to the Senate for consideration.

By using the reconciliation process, Republicans can enact the tax bill with only a simple majority vote in the House and Senate. Leaders have indicated the 4th of July as a goal deadline for passage.

Based on a number of factors, NCN believes our best opportunity to change the tax bill is in the Senate.

Thank you for your advocacy!

Resources

- Proposed House Ways & Means Committee bill, May 12, 2025.
- Section-by-Section Summary, Ways and Means Committee, May 12, 2025.
- Estimated Revenue Effects Of Provisions To Provide For Reconciliation Of The Fiscal Year 2025 Budget, Joint Committee on Taxation, May 13, 2025.
- Revisions to One Big Beautiful Bill Act, Rules Committee, May 21, 2025.