Major Tax Package Advances in the Senate! Call Your Members of Congress Today!

The Senate Finance Committee released yesterday revisions to the “One Big Beautiful Bill Act,” a major tax bill passed by the House of Representatives last month that Republicans hope to enact by July 4. See NCN’s updated one-pager on the tax reconciliation bill and updated chart of tax provisions for more details.

Thanks to your effective advocacy, Senate leaders have made several changes to the tax bill, including expanding the universal charitable deduction, eliminating proposed new taxes on private foundations, and eliminating a proposed tax on transportation benefits provided by nonprofit employers. This builds on effective advocacy from nonprofit organizations earlier when House leaders removed a provision that would have granted unprecedented authority to the Executive Branch to revoke nonprofit tax-exempt status without due process.

But there is more work to do! The revised legislation still includes several harmful provisions that will directly impact the nonprofit sector and its ability to serve people in communities nationwide.

Nonprofit organizations should continue to contact their Members of Congress and urge them to protect charitable nonprofits and the people we serve in the tax legislation.

Take Action

You can take action by contacting your Members of Congress. Use our online email template to send a message to your congressional delegation.

Urge your members of Congress – especially Republicans – to:

- **OPPOSE limits on individual and corporate giving.** These proposals (Section 70111, Section 70425, and Section 70426) discourage charitable donations made by individuals and corporations, ultimately leaving nonprofit organizations with fewer resources to serve their community.
- **SUPPORT and further 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.

Senate Changes

Thanks to your advocacy, Senate leaders made several changes to the House-passed tax package. The revised Senate bill:

- **Removes provisions to increase taxes on foundations.** The Senate bill removes a House provision that would have significantly reduced financial resources available to nonprofit organizations to advance their missions. Under the House proposal, foundations with assets of more than $5 billion would have seen tax rates of 10%, those with assets between $250 million to $5 billion would have seen tax rates of 5%, those with assets between $50 million and $250 million would have paid 2.8%, and those with assets under $50 million would have continued to pay the existing 1.4% tax. At a time when nonprofit organizations face enormous financial challenges, the House provision would have made it even harder for organizations to serve their communities and fill the gaps unmet by local, state, and federal governments.

- **Removes provisions to impose new taxes on nonprofits.** The Senate bill removes a House proposal to tax nonprofit employers on the transportation benefits they provide to employees. The House bill would have increased and expanded Unrelated Business Income Tax (UBIT) to include any qualified transportation fringe benefit, such as transit benefits or parking benefits, for charitable organizations. This provision was previously passed in 2017 and subsequently repealed because it was largely unworkable. Nonprofits and the Internal Revenue Service (IRS) faced enormous challenges in administering and complying with the provision. See NCN's one-pager on the UBIT provision.
- **Expands the universal charitable deduction to encourage charitable giving for people who do not itemize their taxes.** Sen. Lankford, Sen. Coons, Rep. Moore, and Rep. Pappas have long championed this idea in the bipartisan Charitable Act. The House bill created a non-itemizer tax deduction up to $150 for individuals and $300 for married couples. The Senate bill expands this above-the-line deduction to $1,000 for individuals and $2,000 for married couples. See NCN's one-pager on the Charitable Act.

Despite these positive changes, the bill includes provisions that discourage charitable donations made by individuals and corporations. The bill significantly decreases the value of the charitable deduction for high-income taxpayers by capping itemized deductions (Section 70111), sets a new 0.5% floor for the itemized charitable deduction (Section 70425), and discourages corporate giving by creating a 1% floor for charitable contributions by corporations (Section 70426). If enacted, these provisions could discourage charitable giving by individuals and corporations.

Other Provisions

The Senate bill proposes to deeply cut or restrict access to healthcare and food security.

If enacted, the Senate bill would:

- **Cut funding for Medicaid.** While NCN and others are still reviewing the details, the Senate bill reportedly cuts more resources from Medicaid than the nearly $800 billion reduction proposed in the House. The House bill would result in nearly 13.7 million fewer people accessing healthcare, according to the Congressional Budget Office (CBO). The Senate provisions are largely considered to be a placeholder for continued negotiations among Republican members of Congress.

- **Cut the Supplemental Nutrition Assistance Program (SNAP).** While the House proposal would have cut SNAP by the largest amount in the program's history, the Senate bill still puts millions of people at risk of food insecurity. The House bill proposed to require all states to cover a share of the costs of SNAP benefits; the Senate, on the other hand, only imposes these costs if the state has an error rate above 6%. Like the House bill, the Senate bill decreases the administrative costs the federal government pays by 25%. Beginning in fiscal year 2027, this provision effectively shifts administrative costs to state governments. The Senate bill also removes an exemption from work requirements for people experiencing homelessness or youth aging out of foster care.

Next Steps

The bill now heads to the Senate floor for a vote as soon as next week. Because the Senate made changes to the House-passed version, the bill must be voted on again in the House of Representatives.

While it will be incredibly difficult to make significant changes to the bill at this point, nonprofit organizations should continue to make their voices heard about the impact the legislation could have on the millions of people who rely on the essential services provided by nonprofits.

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.

Thank you for your advocacy!

Resources

- Senate Finance Tax Draft, June 16, 2025.
- House-Passed Tax Bill Heads to the Senate, May 22, 2025.
- Section-by-Section Summary, Ways and Means Committee, May 12, 2025.