Charitable Giving Incentives
In 2015, many legislatures have considered, but only Maine has enacted, limits on state tax deductions for charitable donations.
- **Hawaii**: The Legislature did not enact a think-tank’s proposal to phase out deductibility of itemized deductions starting at adjusted gross income of $100,000. Hawai’i had capped these deductions in 2011 and, after effective lobbying by the nonprofit community in 2013, exempted charitable donations from that cap.
- **Kansas**: Throughout multiple votes on numerous bills and amendments, lawmakers refused to limit charitable deductions. The legislation that finally won approval preserves deductions for charitable donations while capping other itemized deductions.
- **Maine**: The Legislature approved a budget plan that puts charitable deductions back under an existing $27,500 cap on all itemized deductions. The action essentially returns state tax law to where it was after similar last-minute action in 2013 created the cap. In 2014, the Legislature passed a law, scheduled to take effect in 2016, that carved charitable deductions out from under the cap.
- **North Carolina**: The state budget, signed into law on September 18, rejects proposals to add charitable donations to an existing cap on itemized deductions and to limit sales-tax exemptions for nonprofits. The legislature exempted charitable donations from a cap enacted in 2013, only to see the State Senate continue the fight this session.
- **Vermont**: The Legislature ultimately rejected a House plan to cap itemized deductions, including charitable deductions, at $15,500/individuals and $31,000/couples, as well as a Senate plan to limit charitable deductions only to donations to Vermont nonprofits that both reside and operate in the state.

Other Tax Incentives
- **Colorado**: Legislation was proposed this year to create the Colorado Endowment and Institutional Funds Credit. The bill, which was not enacted, would have provided a 25 percent tax credit, up to $25,000, for donations to an eligible nonprofit or community foundation.
- **Connecticut**: During the special budget session, the Legislature included in the budget “implementer” bill a provision that increases from $5 million to $10 million the total amount of tax credits allowed under the Neighborhood Assistance Act in any fiscal year, allowing more businesses to contribute and more nonprofits to participate. The Governor signed the bill on June 30.
- **Indiana**: The state created a tax credit for contributions to community foundations. Legislation was also proposed, but did not pass, that would have created a grant program for community foundations as well as a tax credit for contributions to an Endow Indiana Qualified Community Foundation.
- **Minnesota**: The Legislature considered a bill that would have created an early education tax credit of 80 percent, up to $20,000 per couple, for donations to a “qualified foundation.”

Property Tax Exemptions
- **Connecticut**: The budget “implementer” law includes a provision to allow municipalities to tax certain new property acquired by a nonprofit university (residential property for student housing) or hospital systems (for-profit medical facilities only applicable to Yale NHHS and Hartford HealthCare, which includes 8 hospitals).
- **Maine**: The Governor made national news by proposing the repeal of tax exemptions for some nonprofit properties. The Legislature rejected his plan, but attention to the issue from national media and from as far away as California ensures that the challenge will continue for nonprofits across the country.
- **Montana**: A bill enacted earlier this year requires owners of tax-exempt properties to reapply for their exemption(s) in 2016.
- **Pennsylvania**: Nonprofits in the state are caught in the middle of a longstanding dispute over who decides, the legislature or the courts, the standards for property tax exemptions. An amendment to the constitution resolving the
question in favor of the General Assembly was moving swiftly through the House and Senate until municipalities, seeing an opportunity to divert more resources away from nonprofit mission, lobbied loudly in opposition. The bill could still pass the Legislature but would then need to be approved by the public before becoming law.

**Payments In Lieu of Taxes (PILOTs)**

- **Maine**: The Legislature considered three bills this session to grant greater power to cities and counties to assess nonprofits to pay for various services; none was enacted.
- **North Carolina**: A bill calls for the creation of a task force to study the impact on governments resulting from the acquisition by tax-exempt nonprofits of previously taxable property. Such a study could recommend allowing counties to impose PILOTs on nonprofits.

**Trend Spotting: Reevaluating Tax Exemptions**

The rationale for property and other tax exemptions appears to be under reconsideration, whether as part of the legislative review process or by officials far removed from legislative bodies.

- **Montana**: The Revenue and Transportation Interim Committee is focused on the community benefit provided by nonprofits, primarily centering its inquiry on hospitals.
- **New Jersey**: A state court judge revoked the property tax exemption of a major nonprofit hospital chain and separately allowed a case to proceed challenging the tax-exempt status of Princeton University. The judge expressed the view that modern hospitals and universities operate differently than when the exemptions were enacted, potentially disqualifying them from longstanding tax-exempt status.
- **Wyoming**: A Joint Revenue Interim Committee continued its investigation of exemptions for nonprofits by reviewing an analysis of econometric modeling. A hearing in May focused on the criteria for determining whether a nonprofit’s use of a particular property satisfies the public policy underlying the exemption.

**Employment Policy**

- **California**: Los Angeles County Supervisors rejected a proposal to exempt smaller nonprofits from a planned increase in the minimum wage to $15 per hour by 2021. The proposed exemption would have applied to nonprofits with fewer than 25 employees, and to seasonal workers and workers in job-training programs. A similar exemption was approved by the Los Angeles City Council.
- **Missouri**: Missouri has taken a different approach to minimum wage standards, enacting a law prohibiting local municipalities from enacting higher rates within their jurisdictions. The move effectively ends wage hike efforts in Kansas City but a previously enacted increase by St. Louis will remain on the books.
- **New York**: Nonprofits in New York receiving at least 50 percent of their funding from governments would be required to establish violence prevention programs in their facilities, under legislation passed by the Senate and Assembly that is awaiting an expected signature by the Governor. The bill extends to nonprofit contractors and grantees, but not to for-profit businesses, the requirement that currently exists for public sector employers.
- **North Carolina**: A new law temporarily suspends a 20 percent surcharge for employers that pay state unemployment insurance taxes as long as the state has $1 billion in its Unemployment Insurance Fund by March 1, 2016.
- **Pennsylvania** enacted a bill requiring employees and volunteers who work with children to obtain criminal background checks and child abuse clearances.

**Nonprofit Independence**

- **Connecticut**: Legislation was considered that would have restricted how the University of Connecticut Foundation could use health center patient data for fundraising and solicitation purposes.
- **New Hampshire**: Prompted by the Attorney General’s office, the Legislature again considered a bill to require mandatory board training for nonprofits receiving $250,000 or more in “publicly supported funds.”
- **New York City**: A fast-moving bill in the New York City Council would require nonprofits receiving 50 percent or more of their revenue from the City to file annual conflict of interest disclosure statements. The extensive reporting requirement, which is currently required of public officials, would be in addition to the reporting already in place for both nonprofit and for-profit contractors.