

June 13, 2019

The Honorable Richard Burr
217 Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Michael Bennet
261 Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Johnny Isakson
131 Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Maria Cantwell
511 Hart Senate Office Building
United States Senate
Washington, DC 20510

RE: **Nonprofit Recommendations for a
Disaster Relief and Recovery Tax Package**

Dear Senators Burr, Bennet, Isakson, and Cantwell,

Thank you for taking on the task of determining how best to use the federal tax code to relieve suffering and promote recovery efforts after natural disasters strike. Your task is a critical contribution to disaster preparedness that can benefit the victims of all future disasters and ease the increased strain on local charitable organizations that engage in disaster relief and recovery efforts.

We write to endorse and encourage your adoption of the four specific recommendations to the Taskforce [submitted by the North Carolina Center for Nonprofits](#) on June 5. Initially proposed by our colleague state association of nonprofits in North Carolina, the recommendations are based on experiences of many of our organizations in dealing with disaster relief and recovery activities across the country. Combined, the four common-sense recommendations will eliminate uncertainty and remove barriers to nonprofit success in helping our fellow residents rebuild their lives and assisting our communities to come together to develop local solutions.

Before addressing the four recommendations, we highlight that while natural disasters are typically regional in scope, they occur throughout the United States in many different forms. The Atlantic and Gulf Coast states have extensive experiences dealing with the aftermath of hurricanes. The Midwest has tornadoes and floods. Western states deal with the ravages of wildfires, mudslides, earthquakes, and even tsunamis and volcanic eruptions.

The good news is that wherever disasters strike, charitable nonprofits respond to help people through the trauma and provide a platform for those wanting to help. Federal and state money may be slow in arriving, but nonprofits wade in immediately to provide relief. More lasting assistance may be coming, but the charitable organizations in the community already know the recovery needs of their neighbors and take action right away and continue for the long term. The undersigned organizations often serve as connectors and conveners of other nonprofits in the immediate hours of a disaster, as well as down the line as the full impact of loss is understood. We share the collective experiences of our organizations to inform your work and improve your final product.

As your Taskforce considers development of “a core package of tax relief provisions that should be available when natural disasters strike,” we urge you to adopt the following recommendations to enable tax policy to truly support victims of disasters and the vital work of charitable organizations in times of great need.

- 1. IRS Filing Deadlines:** Any disaster relief and recovery tax package should include language granting automatic extensions for tax filing deadlines for nonprofit organizations, other businesses, and individuals without requiring a statement from the IRS or Congress. Nonprofits engaged in immediate disaster-relief work shouldn't have to divert attention and personnel from the crisis at hand to scour reports to determine if a deadline has been extended.
- 2. Employer Tax Credits:** Many recent tax relief packages have included a provision granting income tax credits to employers that maintain employee income during disaster-related shutdowns. Nonprofits, representing 10 percent of America's private workforce, generally are unable to utilize these tax credits because they are exempt from the income taxes to which the credits apply. We ask the Taskforce Members to extend the tax-credit provision to the taxes that nonprofits do pay, namely payroll and other taxes.
- 3. Disaster Relief and Recovery:** We ask Taskforce Members to broaden tax provisions in the package you recommend to ensure that incentives apply not just to immediate disaster "relief" efforts, but also to disaster "recovery" activities. This matters because the housing and feeding of victims of disaster may extend for many months or even years after the event. Likewise, many nonprofits find their own facilities destroyed, "under water," or otherwise unusable as a result of the disaster and must commence their own recovery efforts while simultaneously providing immediate relief in their communities.
- 4. Temporary Universal or Non-Itemizer Deduction:** Our final recommendation is the creation of a temporary, targeted universal or non-itemizer deduction that would enable all taxpayers to receive a charitable giving tax incentive when they donate to disaster relief and recovery efforts. Disaster tax packages normally remove the giving cap of 50 percent of Adjusted Gross Income (now 60 percent of Adjusted Gross Income after the enactment of the Tax Cuts and Jobs Act in 2017) to incentivize greater giving in the aftermath of disasters. The increase in the standard deduction in the 2017 tax law means that only the 10 to 12 percent of taxpayers who itemize will see a difference when they contribute to relief and recovery work. Many more people experience a desire to give to these efforts and make small donations via their phone or online. The lack of a tax incentive for those who do not itemize means that most of these donations will remain very small. We believe that an above-the-line charitable deduction that is **temporary** (e.g., for six months after the disaster declaration) and **targeted** (i.e., available only to the charitable organizations engaged in relief and recovery in the designated disaster area) would enable all taxpayers to support their fellow Americans throughout the country in an immediate and responsible way.

We thank the Members of the Taskforce for working to improve disaster preparedness. We stand ready to provide examples of our work, answer questions about these recommendations, and promote passage of legislation that advances the goals discussed throughout this letter.

Regards,

National Council of Nonprofits



[state association signers listed alphabetically by state with logos]

Contact:

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