March 1, 2023

The Honorable James Lankford
United States Senate
Washington, DC 20510

The Honorable Christopher A. Coons
United States Senate
Washington, DC 20510

RE:   Endorsement of the Charitable Act

Dear Senators Lankford and Coons:

On behalf of the networks of the National Council of Nonprofits, we write to express our enthusiastic endorsement of the Charitable Act. The needs in our communities are far greater than the ability of governments to address alone; the Charitable Act would empower millions more taxpayers to help solve those challenges by donating more to the work of charitable organizations in their communities.

The number of people giving back to their communities has plummeted since 2002, when about 67 percent of American households made charitable contributions, to today’s percentage of only half.¹ The 2017 Tax Cuts and Jobs Act contributed to that decline when it reduced tax filing paperwork by nearly doubling the standard deduction. By limiting which taxpayers itemized their deductions, the law’s effect was to take away the tax incentive for charitable giving for all but about 12 percent of taxpayers. An American Enterprise Institute analysis confirms that the 2017 tax law did not generate greater charitable giving among upper-income taxpayers as predicted, but that charitable giving went down after its enactment.²

Non-itemizer charitable deductions, as envisioned in the Charitable Act, create an incentive that encourages all taxpayers to get involved in their local communities by donating to ease their community’s needs. The Universal Charitable Deduction, first enacted in the CARES Act of 2020 and renewed through 2021, is the most recent federal example. The IRS reported that 42.5 million households took advantage of that non-itemizer charitable deduction in 2020, generating $10.9 billion in charitable giving that year.³ Nearly a quarter of those donations came from taxpayers with adjusted gross income of less than $30,000. Data from the Fundraising Effectiveness Project (FEP)

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² The Tax Cuts and Jobs Act and Charitable Giving by Select High-Income Households, American Enterprise Institute, April 2022.
shows an increase of 7.5 percent in individual gifts of $300 – then the limit for individual taxpayers – in both 2020 and 2021, compared to 2019. Additionally, gifts of $600 – the limit for married filing jointly – increased 5 percent in 2021, compared to 2019.

The Federal Reserve's latest survey of entities serving low- to moderate-income communities found charitable nonprofits need additional resources to meet the public’s demand for services. Seventy percent of responding nonprofits reported an increase in demand for services over the past year, while only 45 percent said they can meet most of their demand.

Congress can help alleviate some of the funding difficulties the sector is facing by enacting the Charitable Act. The legislation would empower taxpayers to give back to their communities by granting a tax incentive of roughly $4,600 for individuals/$9,200 for couples regardless of whether they claim other itemized deductions. This would incentivize giving to the work of charitable organizations in local communities, encourage taxpayers to give more to the missions they support, and effectively reduce demands on governments.

Senators, everybody wins when individuals give to their local community-based organizations because people will feel more invested in, engaged with, and supportive of the collective success of their neighbors and community. We thank you for your leadership in advancing this essential and timely legislation and are committed to working with you to see it enacted as quickly as possible.

Sincerely,

National Council of Nonprofits

Alaska

Foraker Group

Arizona

Alliance of Arizona Nonprofits + Arizona Grantmakers Forum

California

California Association of Nonprofits

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4 See The Data Show What We Know: The Nonprofit Helpers Need Help, Amy Silver O'Leary, National Council of Nonprofits, November 23, 2021.

5 Perspectives from Main Street, Nishesh Chalise, Violeta Gutkowski, and Heidi Kaplin, Fed Communities, Nov. 15, 2022.
Colorado
   Colorado Nonprofit Association

Connecticut
   CT Community Nonprofit Alliance

Delaware
   Delaware Alliance for Nonprofit Advancement

Florida
   Florida Nonprofit Alliance

Hawai`i
   Hawai`i Alliance of Nonprofit Organizations

Idaho
   Idaho Nonprofit Center

Illinois
   Forefront

Iowa
   Iowa Nonprofit Alliance

Kansas
   Association of Kansas Nonprofits
   Kansas Nonprofit Chamber

Kentucky
   Kentucky Nonprofit Network
Louisiana
- Louisiana Alliance for Nonprofits

Maine
- Maine Association of Nonprofits

Maryland
- Maryland Nonprofits

Massachusetts
- Massachusetts Nonprofit Network
- Providers’ Council

Michigan
- Michigan Nonprofit Association

Minnesota
- Minnesota Council of Nonprofits

Mississippi
- Mississippi Alliance of Nonprofits and Philanthropy

Missouri
- Nonprofit Connect

Montana
- Montana Nonprofit Association

Nebraska
- Nonprofit Association of the Midlands
New Hampshire

New Hampshire Center for Nonprofits

New Jersey

New Jersey Center for Nonprofits

New Mexico

New Mexico Thrives

New York

New York Council of Nonprofits

Nonprofit New York

North Carolina

North Carolina Center for Nonprofits

North Dakota

North Dakota Association of Nonprofit Organizations

Oklahoma

Oklahoma Center for Nonprofits

Oregon

Nonprofit Association of Oregon

Pennsylvania

Pennsylvania Association of Nonprofit Organizations

South Carolina

Together SC
Tennessee
   Momentum Nonprofit Partners

Utah
   Utah Nonprofits Association

Vermont
   Common Good Vermont

Virginia
   Center for Nonprofit Excellence
   Network Peninsula

Washington
   Nonprofit Association of Washington

West Virginia
   West Virginia Nonprofit Association

Wyoming
   Wyoming Nonprofit Network