May 17, 2023

The Honorable Blake Moore
United States House of Representatives
Washington, DC 20515

The Honorable Chris Pappas
United States House of Representatives
Washington, DC 20515

The Honorable Michelle Steel
United States House of Representatives
Washington, DC 20515

The Honorable Danny K. Davis
United States House of Representatives
Washington, DC 20515

RE: Endorsement of the Charitable Act

Dear Representatives Moore, Pappas, Steel, and Davis:

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% 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% 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 Indeed, recent data show that charitable giving declined in real terms in 2022 and more than 70% of charitable nonprofit organizations anticipate that giving will decline or remain flat in 2023.3

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2 The Tax Cuts and Jobs Act and Charitable Giving by Select High-Income Households, American Enterprise Institute, April 2022.
3 Quarterly Fundraising Report, 2022 Year-to-Date Nonprofit Sector Trends, Fundraising Effectiveness Project, April, 2023; Initial analysis of more than 1,600 responses to a nationwide survey of charitable nonprofits conducted in April 2023 by the networks of the National Council of Nonprofits, initially published via LinkedIn and Twitter.
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. 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) shows an increase of 7.5% 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% 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% 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.

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

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3 Perspectives from Main Street, Nishesh Chalise, Violeta Gutkowski, and Heidi Kaplin, Fed Communities, Nov. 15, 2022.
Alaska

Foraker Group

Arizona

Alliance of Arizona Nonprofits + Arizona Grantmakers Forum

California

California Association of Nonprofits

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