

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)

¹ See "Donor Participation" in [Giving Dashboard](#), Urban Institute, updated Dec. 2, 2022.

² [The Tax Cuts and Jobs Act and Charitable Giving by Select High-Income Households](#), American Enterprise Institute, April 2022.

³ [Individual Income Tax Returns, Preliminary Data, Tax Year 2020](#), Statistics of Income Bulletin, Internal Revenue Service, Spring 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 2019.⁴ Additionally, gifts of \$600 – the limit for married filing jointly – increased 5 percent in 2021, compared to 2019.

The Federal Reserve’s latest survey⁵ 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



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

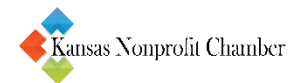


Kansas

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

