

Noteworthy Nonprofit Legislation - 2023

National Nonprofit Legislative Caucus

August 7, 2023



State legislators recognize communities rely heavily on charitable nonprofits to provide vital services, reduce burdens on government, and contribute to the economy. This chart is a sample of state legislation introduced in 2023 that supports nonprofit missions and the communities they serve. For more information or to be added to the [National Nonprofit Legislative Caucus](#), please contact Maryland Senator Kagan’s office at cheryl.kagan@senate.state.md.us and Tiffany Carter at tcarter@councilofnonprofits.org.

Government Grants and Contracting Reforms			
California Grants and Contracts Reform Package	Asm. Hart Asm. Fong Asm. Lowenthal Asm. Valencia Sen. Umberg	A.B. 590 A.B. 619 A.B. 696 A.B. 860 S.B. 336 (Pending)	Authorizes advance payments, simplifies contract modification process in emergencies, modernizes grants and contract processes, requires equity in prompt payments and sets discrepancy thresholds, streamlines small grant programs, establishes methods for reimbursement of direct and indirect costs. Learn more from the California Nonprofit Equity Initiative .
California Nonprofit Fairness in Contracting Act	Asm. Rivas	A.B. 885 (Pending)	Establishes the California Nonprofit Fairness in Contracting Act to require the state to pay nonprofit partners the full costs of delivering programs and services (including administrative costs, fair wages, and benefits) and encourages multi-year contracts and expedited contract renewals.
California Prompt Payment Act	Sen. Limon	S.B. 557 (Pending)	Expands the California Prompt Payment Act to all nonprofits; allows for penalties to be paid for late payments to grants or contracts of less than \$500,000.
Connecticut Government Grants and Contract Reform	Human Services Committee	H.B. 6612 (Did Not Pass)	Allows nonprofits that contract with the state to retain unspent revenue; requires the state to provide an annual cost of living adjustment, pay within 30 days of delivery of service, and identify and eliminate any unnecessary administrative burdens.
Kentucky GRANT Program	Rep. Heath	H.B. 9 (Enacted)	Establishes the Government Resources Accelerating Needed Transformation (GRANT) program to create a \$2 million matching pool of funds for federal cost share applications in the state.
Maine Nonprofit Ombudsman	Sen. Baldacci	L.D. 1043 (Pending)	Creates an Office of Ombudsman to help nonprofits in their interactions with the government.
Maryland Prompt Payments	Sen. Kagan Del. Kaiser	S.B. 112 H.B. 328 (Enacted)	Establishes invoicing and prompt payment requirements for specific state grants and requires grants to be paid within 30 days.

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Massachusetts Reimbursement Rate Disparity Elimination	Rep. Khan Sen. Friedman	H.191 S.84 (Pending)	Creates a schedule beginning 7/1/24 to increase reimbursement rates to eliminate the pay disparity between state workers and nonprofit human service providers performing similar work by 7/1/27.
Mississippi Accountability System	Rep. Bell	H.B. 842 (Did Not Pass)	Requires the Office of Workforce Development to partner with the Mississippi Alliance of Nonprofits and Philanthropy to create a prototype system to assess the needs and create a plan for increasing accountability, transparency, capacity, and information sharing for nonprofit grants and contracts.
North Carolina Prompt Payments	Rep. Lambeth (co-sponsor Rep. Strickland)	H.259 (Pending)	Requires state agencies to make prompt payments to nonprofits receiving direct grants; requires advance payments for government grants; increases the cap from \$120,000 to \$140,000 on the amount of state funds a nonprofit may use to pay an individual employee's salary.
Oregon Procurement Task Force	Rep. Bowman	H.B. 3355 (Pending)	Establishes a Task Force on Public Procurement Modernization.
Oregon Nonprofit Preference	Sen. Gorsek	S.B 159 (Pending)	Permits a contracting agency to grant preference for procurement of goods or services provided by a nonprofit organization, if the goods or services cost no more than 10% more than goods or services available from another contractor.
Oregon Modernizing Grant Funding Task Force	Sen. Campos	S.B. 606 (Enacted)	Establishes a Task Force on Modernizing Grant Funding and Contracting to examine how the state's granting and public procurement practices limit wages of nonprofit employees and make recommendations on state procurement practices to support living wages of nonprofits, uniform applications, standard contracting language that permits flexibility, multiyear terms, sufficient reporting requirements, payment models that prioritize full cost recovery, and ongoing review.
Vermont Standard Application	Rep. Williams	H.140 (Did not pass)	Requires a standard grant application form, grant agreement, and reporting forms of reasonable length in accessible language for all state-funded grants; shortens grant agreement and compliance measures; requires public availability and accessibility; requires a uniform formula and approval process for all nonprofits to use a higher indirect rate than the standard 10% <i>de minimis</i> rate; and appropriates \$35,000 to develop a publicly accessible statewide database for all state-funded grants available to municipalities.
Washington Prevailing Rates	Rep. Berry	H.B. 1099 (Did not pass)	Requires state government grants and contracts to stipulate that the hourly minimum rate be adjusted as necessary to provide that the wage is not less than the latest prevailing rate at the time the work is performed.

Charitable Giving Incentives

Colorado Child Care Donation Tax Credit	Reps. Pugliese and Kipp Sens. Marchman and Rich	HB 23-1091 (Enacted)	Extends a 50% tax credit for donations to promote child care in the state and allows for in-kind contributions.
Michigan Food Donation Tax Credit	Sen. Damoose	S.B. 128 (Pending)	Creates a 50% tax credit for a contribution of cash or food to shelters, food kitchens, food banks, or other entities; caps the credit at \$100 for singles and \$200 for couples and \$5,000 or 10% of the taxpayer's liability, whichever is less, for a resident estate or trust.
Nebraska Food Donation Tax Credit	Sen. Fredrickson	L.B. 524 (Did Not Pass)	Creates a tax credit up to 50% of the value of the food up to \$2,500 for food donations to a food pantry or food bank by a grocery store retailer or restaurant.
North Carolina Non-Itemizer Tax Credit	Sens. Woodard and Alexander	S.449 (Pending)	Creates a 25% state tax credit for charitable contributions for non-itemizers. See the North Carolina Center for Nonprofits analysis.

Regulations & Governance

Connecticut Audit Threshold	Rep. Rochelle	S.B. 1058 (Enacted)	Increases the audit threshold for nonprofits from \$500,000 to \$1 million and requires a financial review for nonprofits with revenue between \$500,000 to \$1 million.
Illinois Audit Threshold	Rep. West	H.B.1197 S.B.72 (Enacted)	Raises the audit threshold from \$300,000 to \$500,000 and requires nonprofits with revenue between \$300,000 to \$500,000 to file a financial statement with the Attorney General; permits the Attorney General to enter into a binding nonjudicial settlement agreement with a nonprofit.
Mississippi Audit Threshold	Sen. Johnson	S.B. 2077 (Enacted)	Raises the audit threshold from \$500,000 to \$750,000.
New Mexico Audit Threshold	Sens. O'Neill and De La Cruz	S.B. 240 (Enacted)	Raises the audit threshold from \$250,000 to \$750,000.
New Mexico Anti-Donation Clause	Sen. Ortiz y Pino	S.J.R. 9 (Enacted)	Proposes a constitutional amendment to revise the anti-donation clause to allow the state to provide assistance to private organizations for the purposes of disaster relief, making payments, promoting community well-being through grants to charitable organizations, establishing scholarship and loan programs including loan forgiveness, creating new job opportunities, expending funds or resources for essential services and accessibility, and supporting affordable housing.
New York Nonprofit Indemnity	Sen. Comrie	S. 5587 (Pending)	Authorizes a nonprofit to indemnify any director, officer, or key person against expenses, including judgment, fines, excise taxes, settlements, attorneys' fees, court costs, and disbursement in actions by third parties, the corporation, and derivative actions.

North Carolina Real Estate Raffle Donations	Reps. Potts, Strickland , and Winslow	H.374 (Pending)	Increases the maximum value of real estate that nonprofits can raffle each year from \$500,000 to \$2 million.
North Carolina Nonprofit Reform	Reps. Warren, Lofton , Howard, and Reives	H.741 (Pending)	Authorizes mergers of charitable nonprofits or religious corporations with eligible LLCs or unincorporated nonprofit associations; requires an electronic annual report; permits an administrative dissolution for failing to submit an annual report; permits domestication of a foreign nonprofit into the state; amends board requirements for private foundations and future boards; permits conversion to a nonprofit corporation; removes requirement of approval by the Attorney General to approve distribution of assets; expands the exemption from charitable solicitation licenses to nonprofits with budgets less than \$50,000; clarifies license renewal application dates; provides automatic extensions of charitable solicitation filings identical to the IRS Form 990; and eliminates notarization requirements.
North Carolina Charitable Solicitation	Sens. Moffitt , Woodard , and Alexander	S429 (Pending)	Increases the threshold for charitable solicitation licenses from \$25,000 to \$50,000 in contributions per year for nonprofits that do not pay compensation to fundraisers; makes automatic extensions of charitable solicitation filings; permits extensions up to an additional 60 days; clarifies deadlines for charitable solicitation forms; and eliminates notarization requirements.
Tax Policy			
Hawaii General Excise Tax – Fundraising	Speaker Saiki Sen. Buenaventura Sen. Keohokalole	H.B. 798 S.B. 667 S.B. 950 (Did Not Pass)	Exempts fundraising income generated by a tax-exempt nonprofit organization from general excise tax.
Maine Sales Tax – Personal Property and Services	Rep. Sachs	L.D. 68 (Enacted)	Exempts sales of tangible personal property or taxable services to nonprofits from sales and use tax and service provider tax.
New York Water Fees	Asm. Zinerman Sen. Comrie	A.1909 S.1082 (Pending)	Exempts community gardens in New York City from paying water usage and supply.
North Carolina Sales Tax – Digital and Tangible Property	Rep. Chesser (co-sponsor Rep. Lofton)	H.882 (Pending)	Exempts from sales tax sales of digital property and tangible property to 501(c)(3) charitable; and requires payment of tax plus interest if the nonprofit does not use the purchased items.

North Carolina Nonprofit Sales	Sen. Burgin (co-sponsor Sen. Woodard)	S.397 (Pending)	Exempts from sales tax sales by certain 501(c)(3) nonprofits; exempts nonprofit events from gross receipts tax; clarifies that nonprofits are not required to collect and remit sales tax on ticket prices of fundraising events where entertainment is provided. See North Carolina Center for Nonprofits analysis.
Oklahoma Nonprofit Sales	Rep. Stark Sen. Rader	H.B. 1568 (Did Not Pass)	Exempts sales of tangible personal property or services to any 501(c)(3) nonprofit in the state with gross revenues less than \$5 million; does not apply to alcohol or tobacco.
Nonprofit Advocacy Rights			
Illinois Lobbying Fee	Sens. Gillespie and Cervantes	S.B. 1349 (Pending)	Waives the lobbyist registration fee for nonprofits with budgets less than \$5 million.
New York Lobbying Threshold	Asm. Gonzalez-Rojas Sen. Krueger	A.5100 S.5499 (Pending)	Raises the state's minimum threshold requirement to register as a lobbyist from \$5,000 to \$10,000.
Budget & Spending			
Arizona Nonprofit Security Grant Program Fund	Sen. Gowan	S.B. 1713 (Enacted)	Establishes the Arizona State Nonprofit Security Grant Program to provide funding for safety and security projects to nonprofits that are at high risk of terrorist attack or hate crimes because of their ideology, beliefs, or mission; provides grants up to \$100,000 for target hardening and other security enhancements and activities; prioritizes nonprofits unable to apply for federal funding due to size or inability to wait for reimbursements; and appropriates \$5 million for the program.
Maryland Nonprofit Interest-Free Micro Bridge Loan (NIMBL) Program	Sen. Kagan Del. Forbes	S.B. 53 H.B. 84 (Enacted)	Increases the percentage paid by the Comptroller of the Nonprofit Interest-Free Micro Bridge Loan (NIMBL) Program to 5% and requires an annual appropriation of \$1 million to the NIMBL Account.
Maryland Green and Renewable Energy for Nonprofit Organizations Loan Program	Sen. Kagan Del. Barve	S.B. 186 H.B. 1248 (Did Not Pass)	Establishes the Green and Renewable Energy for Nonprofit Organizations Loan Program to provide funds for nonprofit organizations to purchase and install qualifying energy systems; and requests \$5 million to fund the loans.
Nebraska ARPA Audit	Sen. DeBoer	L.B. 578 (Did Not Pass)	Appropriates funds for the Auditor of Public Accounts to conduct an audit of all state agencies that were appropriated funds from the American Rescue Plan Act allocations.
Nebraska Capital Nonprofit Projects	Speaker Arch	L.B. 818 (Enacted)	Appropriates \$40 million for grants up to \$5 million each for capital nonprofit projects for qualifying nonprofits in arts, culture, humanities, or sports complexes, distributed evenly amongst the 3 congressional districts.

Oregon Disaster Relief Assistance Matching Fund	Rep. Evans	H.B. 3059 (Enacted)	Establishes the Oregon Disaster Response Assistance Matching Fund to issue grants to local governments to make matching contributions necessary to access federal aid or issue grants to assist or support disaster response efforts; and requires the Oregon Department of Emergency Management to provide technical assistance.
Utah Nonprofit Capacity Fund	Sen. Escamilla Rep. Romero	S.B. 223 (Enacted)	Establishes the Nonprofit Capacity Fund to fund the Nonprofit Capacity Grant Program to provide grants to certain nonprofit support organizations; and permits taxpayers to contribute to the fund through their income tax returns.
COVID-Response Legislation			
Kentucky Nonprofit Outreach and COVID-19 Impact Response	Reps. Petrie and Reed	H.B. 448 (Enacted)	Appropriates \$2.5 million to the Kentucky Nonprofit Network to support outreach, resources, and programming for nonprofits to strengthen communities; and requires an annual report detailing the impact on the ability of nonprofits to mitigate the negative impact of COVID-19 and provide effective services.
Nevada COVID-19 Relief Fund Transfer	Assembly Committee on Ways and Means	AB 526 (Enacted)	Requires funds being held in the COVID-19 Relief Program budget to be transferred to eligible, registered nonprofits listed or that apply for funding.
Employment Policy			
Massachusetts Student Loan Repayment Program	Reps. Roy and Pignatelli Sen. DiDomenico	H.214 S.77 (Pending)	Creates a student loan repayment program of up to \$30,000 on qualified education loans for human service workers who have worked 12 consecutive months; and gives priority to applicants who has a salary less than 50% of median income, bilingual, live or work in a vaccine equity initiative community, or have worked in direct care for 3 or more years.
North Carolina Work and Save	Rep. Lowery (co-sponsor Rep. Strickland)	H.496 (Pending)	Establishes the North Carolina Small Business Retirement Savings Program, or “North Carolina Work and Save,” to create a voluntary, payroll deduction retirement savings program for covered employers, including small businesses and nonprofits, and permits employees to create and contribute to individual retirement accounts (IRAs).
North Carolina Short-Term Unemployment	Sens. Woodard and Murdock	S.B. 689 (Pending)	Establishes a short-term unemployment program to allow employers to reduce working hours and provide workers partial unemployment benefits during challenging economic times.
Oregon Student Hiring Program	Reps. Ruiz, Sosa, and Dembrow	H.B. 2802 (Enacted)	Establishes a pilot program to encourage eligible nonprofits to employ enrolled university students for up to 20 hours per week and pay them at least the state minimum wage in exchange for a 20% tuition reduction for the student and reimbursement to the nonprofits for the paid wages.