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Nonprofit Champion | November 4, 2024

Free Post-Election Webinar

Impact of the Elections on Charitable Nonprofits



Tuesday, Nov 12 @ 4:00 pm Eastern

Join nonprofits from across the U.S. to discuss the impact of the federal elections on nonprofits, their missions, and our communities. This webinar will focus on the election results, how they affect the lame-duck session of Congress starting this month, and what nonprofits from many different subsectors can expect from and achieve in the 119th Congress.

Looking Ahead to the Lame Duck Session

During the waning days of the 118th Congress, will lawmakers return full of energy to finally address the pressing issues of the day, or accomplish the bare minimum and wait to continue their fight and dysfunction in January? Conventional wisdom suggests the latter approach, with the highest priority being funding the federal government past the December 20 deadline for the short-term spending bill. Other “must-pass” legislation includes a major defense bill, and renewal of the Farm Bill, and its funding for the Supplemental Nutrition Assistance Program (SNAP). Nonprofit advocates are calling on Congress to enact a package of disaster relief measures that include nonprofit priorities, and advance federal grants reform legislation, as discussed below.

Disaster Relief for Charitable Nonprofits

When it returns, Congress is expected to consider a natural disaster bill to address the impacts and costs of Hurricanes Helene and Milton in the southeast, wildfires in **California** and **Connecticut**, flooding in **Alaska**, tornadoes over the weekend in **Oklahoma**, and many more natural disasters. The need for congressional action is obvious – FEMA funds are running out, the Small Business Administration loan program has been exhausted – and while some disaster relief is automatic, the losses suffered by individuals, businesses, and nonprofits demand additional tax relief. Congress should enact a permanent law that guarantees temporary relief, triggered by a natural disaster declaration, that: 1) activates a non-itemizer deduction; 2) includes an improved Employee Retention Tax Credit; and 3) raises the volunteer mileage rate.

[Read the full article](#)

Federal Government Grants Reform

Leaders in the federal grantee community are calling on the House to markup bipartisan government grants reform legislation before the end of the year to help maintain momentum for developing sound grantmaking policies. In a [letter to the](#)

[House Oversight and Accountability Committee](#), four national organizations express strong support for the *Streamlining Federal Grants Act of 2023* ([S. 2286/H.R. 5934](#)), a measure to expand the accessibility of federal grants to a wider pool of local governments and organizations in small and rural communities. Joining the National Council of Nonprofits in signing the letter are the **National League of Cities**, **National Association of Counties**, and **International City/County Management Association**.



Worth Reading

- [Legislation to Simplify Federal Grants on Hold in Congress](#), Dante Moreno, National League of Cities blog, Nov. 1, 2024.
- [The Streamlining Federal Grants Act \(S. 2286/H.R. 5934\) and the Benefits to Charitable Nonprofits](#), National Council of Nonprofits, Mar. 25, 2024.
- [Lawmaking lows? Congress heads into lame duck with slow pace](#), Jim Saksa, *Roll Call*, Oct. 23, 2024.

Federal FastView

- **Charitable Giving Participation Rates Decline:** The number of individuals giving to the work of charitable organizations declined in the first year of the COVID-19 pandemic even as the average amount of giving increased, according to a new report, [The Giving Environment: Giving During Times of Uncertainty](#). Participation dropped from 50.9% in 2018 to 46.9% in 2020, the report finds, noting that this 4% decline is a continuation of the long-term trends in household participation, which had declined by two-thirds from 2000 to 2018.
- **Tax Regulatory Agenda Released:** The Treasury Department and IRS have published the annual [Priority Guidance Plan](#) for the coming year laying out key areas of regulatory action affecting tax-exempt organizations, corporations, employee benefits, and more. Priority areas include regulations on donor-advised funds, rules for allocating expenses in computing unrelated business taxable income for nonprofits, and guidance on public support computations. This is the first guidance plan since the Supreme Court decision in [Loper Bright](#), which greatly reduces judicial deference to Treasury/IRS regulations. As a

result, there will likely be a slowdown in the issuance of tax rulemaking by the IRS as the agency makes extra efforts to draft rules that will withstand the greater scrutiny. Learn more: [What Does the End of the “Chevron Doctrine” Mean to Charitable Nonprofits?](#)

- **Tax Exempt IRS Forms Under Review:** The IRS [announced in September](#) that it is undertaking its regular paperwork reduction review of 134 forms related to tax-exempt organizations. All of the Form 990s and accompanying schedules are on the list, as is the controversial [IRS Form 1023-EZ](#) and other applications for tax-exempt status. The public comment period runs through **November 12, 2024**.
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Worth Studying

- [Small Business Guide to Comment Letter Writing](#), Small Business Administration Office of Advocacy.
 - [Supreme Court ignites wave of lawsuits against federal regulations](#), Tony Romm, *Washington Post*, Oct. 27, 2024.
 - [What Does the End of the “Chevron Doctrine” Mean to Charitable Nonprofits?](#), Steven M. Woolf, *Nonprofit Champion*, July 15, 2024.
 - [National Findings on Government Grants and Contracts from 2019 to 2023](#), Urban Institute, October 2024.
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The Coming Tax Debate

The expiration of key provisions of the 2017 tax law at the end of 2025 sets the stage for one of the most consequential tax debates in a generation. The networks of the National Council of Nonprofits are committed to identifying and promoting fundamental tax policy proposals that will enhance the abilities of organizations to advance their missions in communities while working to ensure that adverse policies, including benign proposals with identifiable, adverse consequences, are not adopted.

- **Summary:** [Memorandum to Congressional Tax Committees](#), National Council of Nonprofits, Oct. 15, 2024.
- **Complete Series:** [Tax Policy Proposals of the National Council of Nonprofits](#), National Council of Nonprofits website.

- [What the tax plans of Harris and Trump could mean for you](#), Julie Zauzmer Weil, *Washington Post*, Nov. 3, 2024.

Election Tip

Voter Engagement - Election Day is TOMORROW!

It's time to make sure your voice is heard: VOTE!



Do you or the people you serve need help or information on voting in different languages? Call one of these hotlines:

- 866-OUR-VOTE (866-687-8683) for voter protection
- 888-VE-Y-VOTA (888-839-8682) for Spanish
- 888-API-VOTE (888-274-8683) for Bengali, Cantonese, Hindi, Korean, Mandarin, Tagalog, Urdu, and Vietnamese
- 844-YALLA-US (844-925-5287) for Arabic

Worth Quoting

- “As we approach Election Day in the U.S., I want to thank our grantees for their tireless efforts to protect the right to vote for every eligible American. At Hewlett, we are committed to the rule of law and the norms and institutions of democracy. As a nonpartisan philanthropic organization, regardless of election outcomes, we remain steadfast in our commitment to supporting our grantees and our collective work to ensure that people, communities, and the planet flourish.”

— Amber Miller, President of the William and Flora Hewlett Foundation, writing in the [October 2024 edition](#) of the foundation’s institutional newsletter.

Worth Reading

- [What to Say on November 6 and How to Say It](#), Drew Lindsay, *Chronicle of Philanthropy*, Oct. 24, 2024.
- [A guide to employee comms in an election year](#), Speechwriters of Color, *Axios HQ*.
- [Leading a Nonprofit Through Election Week? Here’s Your Survival Guide](#), Sara Herschander, *Chronicle of Philanthropy*, Nov. 4, 2024.

State and Local

Update on State Charity Enforcement

The National Association of State Charity Officials (NASCO) released its [Annual Report on State Enforcement and Regulation](#) summarizing enforcement cases and actions in the states. Fifty-two cases and enforcement actions were cited in 16 states and the **District of Columbia** concerning deceptive solicitations, governance, trusts and estates, and registration. Government officials provided guidance in **Colorado, Florida, Hawaii, Maryland, and New Hampshire**, and an additional ten states conducted outreach activities on registration requirements, audit thresholds and financial review requirements, filings, governance, and government grants and contracts. Eleven states published or adopted regulations affecting fundraising, solicitation, and transactions; seven states passed new laws affecting registration and fundraising in their states.

Taxes, Fees, and PILOTs

Regardless of whether governments call levies taxes, fees, or payments in lieu of taxes (PILOTs), the result is the same – the diversion of nonprofit resources away from mission to address government priorities. Recent actions suggest that this trend may be returning.

- **Property Tax:** A church’s ministry retreat center offering recreational activities does not qualify as exempt from property taxes as it does not provide “religious services, worship, teaching, learning, or anything of the like,” [according to a decision](#) by the **Michigan** Court of Appeals. In a series of decisions, the **Missouri** Tax Commission [denied the property tax exemptions](#) of four health clinics operating as part of charitable nonprofits on the grounds that the clinics did not provide sufficient charity care.
 - **Sales Tax:** Charity auctions conducted by auctioneers are exempt from sales tax in **Indiana**, [the State Department of Revenue](#) recently clarified. The host organization must be a “qualified” nonprofit, which is defined as a nonprofit that is either listed or under a revenue threshold of \$100,000 and “conducts the auction for a fundraising activity to benefit the charitable purpose for which the nonprofit organization was established.”
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In Focus

The State of Diversity, Equity, and Inclusion

Charitable nonprofits act as safe havens for underserved and marginalized communities across the country and are often on the frontlines in pushing for the advancement of diversity, equity, and inclusion (DEI) in all spheres of life. The [Harvard/UNC](#) and [Fearless Fund](#) decisions by the U.S. Supreme Court have created a chilling effect on nonprofit operations, advocacy, and funding supporting the advancement of diversity, equity, and inclusion (DEI). Subsequently, more than one hundred court cases have been filed challenging DEI training, government programs, freedom of speech and religion, school and university admissions, and workforce discrimination as they pertain to overcoming injustice and unfair treatment. The trend in challenges to DEI and evolving programming is represented in the following articles worth studying:

- [Race-Conscious Grantmaking Litigation Updates: What Nonprofits Need to Know](#), Janice M. Ryan Ashleigh A. Allione Sarah E. Fisher, Venable law firm, Oct. 4, 2024.
- [What’s Next for Philanthropy After the Fearless Fund Settlement?](#), Ben McDearmon, *Inside Philanthropy*, Sept. 24, 2024.

- [We Shall Not Be Moved: A Policy Agenda to Achieve the National Imperative of Racial Equity and Diversity in Higher Education](#), The Leadership Conference on Civil and Human Rights, September 2024.
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State and Local Fiscal Recovery Funds

But I've Been Told the Money Has Been Spent

Charitable nonprofits have received less than 5% of spending under the State and Local Fiscal Recovery Fund, according to the most recent data released by the U.S. Treasury Department. Sadly, many organizations simply give up advocating for their fair share of the dollars when told by an uninformed government official that “the money has been spent.” In case after case, the National Council of Nonprofits and charitable organizations across the country have found that money is still available – about \$46 billion according to the latest calculation – and governments that don’t discover their mistake and fail to obligate their unspent allocation of SLFRF money by December 31, 2024, must return it to the federal government.

There are many reasons why governments think they’ve “spent” the SLFRF money, but are actually mistaken. Examples of governments acting now, before it’s too late abound. Last month, Jackson County, **Missouri** formally allocated \$70 million to many organizations, including arts nonprofits. (See related [Advocacy in Action article](#) , below.) A **New Hampshire** SLFRF-funded project for a \$12 million development fell through, and now policymakers must find a new home for those dollars. A human service provider in **California** reached out to their county government seeking a \$50,000 grant and were asked if the organization could use \$150,000 that the country discovered it needed to obligate under the law. Go to [Accessing State and Local Fiscal Recovery Funds](#) to learn more and get started.

Numbers in the News

\$15,000

The Standard Deduction for 2025 for individuals filing separately. For couples filing jointly, the Standard Deduction will be \$30,000. Next year, the top tax rate of 37% kicks in for individuals with income greater than \$626,350.

Source: [IRS releases tax inflation adjustments for tax year 2025](#), Internal Revenue Service news release IR-2024-273, Oct. 22, 2024.

5,808

The number of legislative seats up for grabs in 44 states on Nov. 5, more than 78% of all legislative seats nationwide. Voters in 41 states, D.C., and Puerto Rico will also decide on 153 ballot measures that could alter laws or constitutions on issues including election administration, taxes, abortion, criminal justice, and education.

Source: [NCSL State Elections 2024](#), National Conference of State Legislatures, updated Oct. 24, 2024.

November Is

- [National Adoption Month](#)
 - [National Native American Heritage Month](#)
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Did you Know?

Two states - **Arizona** and **Hawaii** - eschew Daylight Saving Time and follow standard time year-round. Meaning their residents won't be surprised when sundown comes so early tonight.

Nonprofit Events

- Nov. 14, [Nonprofit Summit of the Midlands](#), Nonprofit Association of the Midlands (Nebraska)
- Nov. 20, [Advocacy in Action](#), Foraker Group (Alaska)
- Nov. 20, [Annual Policy Conference 2024](#), CalNonprofits.
- Dec. 4, [2024 NJ Nonprofits Conference](#), New Jersey Center for Nonprofits.

Advocacy in Action

Making Sure Policymakers Know Their Investments Make a Difference

There's big SLFRF news in Kansas City, **Missouri**. The Jackson County Legislature recently approved a Resolution committing to spending \$70.4 million in remaining dollars from the County's \$137 million allocation under the State and Local Fiscal Recovery Fund (SLFRF) enacted as part of the American Rescue Plan Act of 2021 (ARPA). Many of those dollars will flow to charitable nonprofits.

No doubt, advocates from across the county and from all subsectors of the nonprofit community engaged early and often to help ensure the elected officials knew the importance of investing some of their SLFRF allocation in the work and recovery of charitable organizations. Once the Resolution was approved and made public, wise advocates continued advocating by urging nonprofits to express their appreciation.

[READ ENTIRE ARTICLE](#)

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