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Nonprofit Champion | December 2, 2024

Federal

The Three-Week Dash to the Finish

Congress returns today for its typical three-week dash to complete its business before adjourning *sine die*. There is much to do and many unanswered questions; we'll focus on two enormous spending priorities that could directly affect charitable nonprofits.

Appropriations

Congress has not enacted any of the 12 annual appropriations bills to fund the federal government for the fiscal year that began in October. Instead, the government is operating under a stopgap spending measure, called a "continuing resolution" or "CR," that expires on December 20. In one scenario, congressional leaders will hammer out a compromise bill to resolve outstanding disputes and pass an omnibus spending bill for 2025 and "clear the decks" for the incoming administration.

Internal House Republican politics suggest instead that the House will insist on another CR that runs into March, both to give President Trump a say in spending decisions and to help ensure Speaker Johnson is re-elected as Speaker without having to explain any compromises he would otherwise have to make this month. In addition to continued uncertainty under this scenario, charitable nonprofits would continue to wait for any earmarks they have been promised by their Representatives and Senators; CRs can't enact earmarks, known as community project funding in the House and congressionally directed spending in the Senate.

Disaster Relief - Major Nonprofit Support Possible

Since before Election Day, congressional leaders have said they want to pass relief for parts of the Southeast devastated this Fall by Hurricanes Helene and Milton. President Biden has submitted a [request to Congress](#) seeking more than \$98 billion in federal relief for those hurricanes and other recent natural disasters elsewhere in the country. Among other things, the proposal would provide support for food assistance, housing, roads, water infrastructure, and low-interest loans to nonprofits in disaster areas.

In an action long sought by charitable nonprofits, Rep. Vern Buchanan (R-FL) last month introduced the ***Hurricane Helene and Milton Tax Relief Act*** ([H.R. 10203](#)) that, if included in the larger disaster relief package, could provide significant tax incentives for charitable giving and help individuals recover financially from the impact of the storms. Specifically, the bill includes a targeted above-the-line (non-itemizer) deduction to encourage giving from individuals claiming the standard deduction, raises giving limits for taxpayers, and extends the giving deadline to April 15, 2025, for claiming deductions on 2024 tax returns. Other sections of the legislation would allow individuals who qualify for the Earned Income Tax Credit (EITC) to use their 2023 income to file for 2024, and let individuals withdraw penalty-free \$100,000 (up from \$22,000) from their individual retirement accounts over tax years 2024 and 2025. See Rep. Buchanan's [news release](#) and the [letter of endorsement from the National Council of Nonprofits](#) for more details.

TAKE ACTION:



Not only is the legislation needed for individuals, communities, and nonprofits affected by the two named storms, but also the bill sets an important precedent for how Congress supports charitable organizations in future disaster relief bills. Charitable nonprofits can help secure passage of this vital tax relief legislation by urging their Representatives to cosponsor the bill. Call, write, or text [your representative](#) and deliver this simple message:

Charitable nonprofits are united in their support of H.R. 10203, needed disaster tax relief. Show your support for individuals, communities, and the organizations that serve them in the aftermath of natural disasters by cosponsoring the bill and demanding enactment this year.

Federal *FastView*

- **Due Process Challenged:** Last month, the House narrowly passed the ***Stop Terror-Financing and Tax Penalties on American Hostages Act*** ([H.R. 9495](#)), a bill that targets relief for hostages of terrorism while ostensibly strengthening tools to curb terrorism financing. Many in the charitable nonprofit sector vigorously oppose the legislation out of concern that it would trample due-process rights of organizations accused of violating the law that fails to define what acts would be deemed “supporting terrorism.” A common complaint is that normal humanitarian assistance to individuals would be deemed support of terrorism by overzealous politicians. The Senate is not expected to take up the bill in the waning days of the 118th Congress but the issue is likely to return next year. See the [nonprofit statement in opposition](#).
- **Direct Pay Regulations Finalized:** The Treasury Department has issued [final regulations](#) that make it easier for nonprofits and other tax-exempt

organizations that co-own development properties to qualify for a direct cash payment of clean energy tax credits. The Inflation Reduction Act extended a cash option – known as elective pay or direct pay – for tax-exempt entities that co-own clean energy projects, helping them build projects more quickly and affordably. Specifically, the new regulations make targeted modifications to existing partnership tax rules clarifying how co-owned projects in the clean energy space can elect not to be treated as partnerships for tax purposes, and providing such projects additional flexibility. See [Treasury news release](#).

- **New Data on Volunteerism:** The latest [Current Population Survey Civic Engagement and Volunteering Supplement](#) from the U.S. Census Bureau and AmeriCorps found that nearly 3 out of 10 individuals (28.3%) age 16 and up formally volunteered between September 2022 and September 2023. These individuals performed an estimated 4.99 billion hours of service and contributed \$167.2 billion in economic value. The government defines formal volunteering as “helping others through organizations,” including nonprofits. The new survey tracked virtual volunteering for the first time and the data show that more than 13.4 million formal volunteers participated in some online activities. Overall, formal volunteering increased from the 2021 survey, although the number of hours a person served declined.
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Worth Studying

On Due Process and Anti-Terrorism Bill Targeting Nonprofits

- **Video:** [Bill could strip tax exemptions from nonprofits accused of supporting terrorism](#) (1:37), Jackie DeFusco, Hearst News Service, Dec. 1, 2024.
- [With House Passage of ‘Stop Terror-Financing Bill,’ Charities Fear Being Targeted](#), Alex Daniels, *The Chronical of Philanthropy*, Nov. 22, 2024.
- **Audio:** [Kentucky nonprofits express concern over federal bill that could financially punish over claims of supporting terrorism](#) (0:47), Shepherd Snyder, 88-9 WEKU, Nov. 24, 2024.
- [Bill To Pull Exempt Status Passes In The House](#), Paul Clolery, *The NonProfit Times*, Nov. 18, 2024.

The 119th Congress: New Members with Nonprofit Experiences



As nonprofits prepare to advocate for their priorities with their congressional delegations when the new Congress starts in January, it helps to know whether they're meeting someone who already understands charitable nonprofits and their impact. Meet some of the newly elected members to the 119th Congress who have nonprofit backgrounds.

- [Lateefah Simon](#) (D-CA) was the Executive Director of YWFC, and later served as Executive Director of the Lawyers' Committee for Civil Rights of the San Francisco Bay Area. She has also served on the Board of Directors of the San Francisco Foundation, Rosenberg Foundation, and Tipping Point Foundation.
- [Rob Bresnahan](#) (R-PA) served on the board of the SPCA of Luzerne County and the Catholic Youth Center.
- [Emily Randall](#) (D-WA) served at various nonprofits, including Planned Parenthood, before running for office.

Get to Know the 119th Congress

- [Meet the new Congress: The House and Senate freshmen elected to serve next year](#), *Washington Examiner*, Nov. 26, 2024.
 - [Meet the Republican and Democratic senators of the 119th Congress](#), *The Washington Post*, Nov. 21, 2024.
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Worth Watching (or Watching Again)

- Remote video URL

[Impact of the Elections on Charitable Nonprofits](#) (59:04), National Council of Nonprofits, Nov. 12, 2024. In this webinar, experts recapped the election results, identified challenges and opportunities during the lame-duck session of Congress and the transition period, and identified key issues of interests for charitable organizations early in the 119th Congress.

State and Local

Taxes, Fees, and PILOTs

Regardless of whether governments call levies on charitable organizations 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.

- **Sales and Use Tax:** A special session bill in **Louisiana** would affect sales and use taxes as they are applied to nonprofits. Legislation ([HB 10](#)) seeks to repeal sales and use tax exemptions for all nonprofit charitable organizations except for certain purchases by churches and synagogues. The repeal would take away current exemptions for admissions to entertainment events sponsored by charitable nonprofits and for sales of materials for charitable constructions. The complex bill repeals, but then restores sales tax exemptions for membership dues and fees of “nonprofit, civic organizations,” expressly including YMCAs and YWCAs. Also left unchanged is the existing exemption for purchases *by* a nonprofit entity that sells donated goods and ticket sales for nonprofit entertainment events. The bill is awaiting the governor’s approval. A separate measure ([HB 9](#)) to alter nonprofit tax exemptions died during the process.
- **Property Tax:** As part of the special session tax overhaul, **Louisiana** lawmakers passed a bill ([HB 7](#)) to create a constitutional amendment to remove property tax provisions, including nonprofit property tax exemptions, from the constitution and place them instead in state statute. The bill passed the legislature but the constitutional amendment requires approval by voters on a March 29, 2025 special election.
- **PILOTs:** A new campaign in Durham, **North Carolina** targets Duke University to make payments in lieu of taxes (PILOTs) of [\\$50 million per year to the city](#). An activist group cites Ivy League universities as models for the program,

claiming that Duke’s endowment and other property holdings like a hotel and club are reasons for forcing the payments. “Duke is fully invested in the future of Durham and everyone in it,” the university wrote in a statement. “Duke is part of Durham, and Durham is part of Duke.”

End-of-Year Legislating

Lawmakers are finalizing bills to help workers and state contractors:

- **New Jersey:** Last month, Governor Murphy signed legislation ([S. 2310/A. 4151](#)) requiring employers of 10 or more workers to include wage or salary information and benefits descriptions in job postings for new positions. The law requires these employers to provide notice to existing employees of positions that might qualify as a promotion for current workers. New Jersey now joins a growing list of states and localities that have enacted pay transparency as a legal requirement. The new law takes effect June 2025.
- **New York:** The Governor vetoed legislation ([A. 2740B/S. 4877](#)) that would have required the state to register a contract with nonprofits within 30 days of the start date of the contract and to register renewal contracts with nonprofits within 30 days of the renewed contract. Expressing the nonprofit sector’s disappointment, [New York Council on Nonprofits](#) CEO, Megan Allen, said, “It’s an ongoing challenge for nonprofits to function when they don’t know when a contract will be executed or when payments will begin — often waiting more than a year. At least knowing when to expect payment would help nonprofits make informed management decisions.” She and others are calling on the Governor to make the contracting process more efficient and transparent.

Worth Reading

- [Bronx nonprofits struggle with late city payments, risking critical services and financial stability](#), Emily Swanson, *Bronx Times*, Nov. 26, 2024.

Worth Quoting

On the “Why” for nonprofits

- “In ways seen and unseen, you show up for our communities, embodying resilience, compassion, and an unwavering commitment to making Iowa a better place for all. You tackle challenges head-on, whether addressing urgent needs or building long-term opportunities for growth, equity, and connection. We recognize that much of your work happens behind the scenes, often without the thanks or recognition it deserves. Yet, it is your leadership that ensures neighbors are fed, families are supported, arts and culture thrive, and our environment is protected.”

— **Iowa Nonprofit Alliance** Board of Directors writing in [A Heartfelt Thanks to Iowa’s Nonprofit Heroes](#), Iowa Nonprofit Alliance, Nov. 20, 2024.

Numbers in the News

61%

The share of American museums reporting that the number of individual donors to the museum has stayed the same or decreased in the last five years, demonstrating the need for Congress to [enact the charitable deduction](#) for the vast majority of taxpayers who do not itemize.

Source: [2024 Annual National Snapshot of United States Museums](#), American Alliance of Museums, Nov. 14, 2024.

65

The median age of the U.S. Senate when the 119th Congress convenes with 12 new members. The youngest new Senator will be Tim Sheehy (R-MT) who is 39 and the oldest freshman Senator will be Jim Justice (R-WV) at 73.

Source: [Meet the Republican and Democratic senators of the 119th Congress](#), *The Washington Post*, Nov. 21, 2024.

December is

- [HIV/AIDS Awareness Month](#)

- [National Human Rights Month](#)

Nonprofit Events

- Dec. 3, [Giving Tuesday](#)
- Dec. 4, [2024 NJ Nonprofits Conference](#), New Jersey Center for Nonprofits
- Dec. 5, [Nonprofit Policy Caucus](#), New Hampshire Center for Nonprofits
- Dec. 5, [International Volunteer Day](#), United Nations

Advocacy in Action

The State and Local Fiscal Recovery Funds Obligation Deadline Looms. Have You Done All You Can Do?

By Jessica Mendieta

Many people are already receiving automatic replies or requests to circle back on action items and other issues sometime after the holiday season. But one thing that governments and charitable nonprofits cannot revisit next year is the December 31, 2024, deadline to obligate [State and Local Fiscal Recovery Funds](#) (SLFRF) under the American Rescue Plan Act. On January 1, 2025, billions of unobligated funds will have to be returned to the U.S. Department of the Treasury, meaning that nonprofits will lose access to a funding source to address workforce shortages, decreases in revenue, increases on operating expenses, and other challenges that SLFRF can help address. Missing this opportunity does not have to happen, but action is needed now!

Flourish

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