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Homework Over the Holidays

Sure, sure, most of us grudgingly respect (or thoroughly dislike) the classmates who use the holidays to get ahead for next year. It doesn't help that Thomas Jefferson opined that the harder he worked the luckier he got. Or that Thomas Edison said, "success is 10% inspiration and 90% perspiration." Either way, it means having to work over the holidays. But we share a friendly reminder that a) you're in this for the mission – as in advancing it and not losing ground, and b) 2025 offers tremendous challenges and opportunities for said mission that will require both luck and success. All of which leads us to the unpalatable task of assigning readings ... for the public good.

First Things First - the Charitable Nonprofit Agenda

In October, the National Council of Nonprofits shared a [memorandum and accompanying policy papers](#) with all members of the House and Senate tax committees offering fundamental tax policy proposals that can enhance the abilities of organizations to advance their missions in communities. The materials also identify adverse policies, including benign proposals with identifiable, but unintended consequences, that we believe Congress should not adopt. Specifically, the analyses address [nonprofit nonpartisanship](#), enhanced [charitable giving incentives](#), updated [employment tax policies](#), [natural disaster relief](#), and ending

impediments to [volunteerism](#).

Taxing Tax Exempts

The price tag for extending the expiring provisions of the 2017 tax law is in the trillions. Charitable organizations have already been offered up as potential revenue sources (payfors) to lessen the ultimate impact on the federal budget deficit. Reviewing the following reports and proposals will guarantee nonprofit advocates aren't surprised by what many will see as attacks on the sector.

- A commentary that has gotten the most attention so far has been [Reining in America's \\$3.3 Trillion Tax-Exempt Economy](#) by Scott Hodge of the Tax Foundation. As the title makes clear, the author believes the tax-exempt sector is overdue for review and reform, and takes particular aim at higher education and health care, as well as the rules on unrelated business taxable income (UBTI).
- The **Committee for a Responsible Budget (CFRB)** is offering a [menu of options](#) to fund tax reform, including limiting the charitable deduction by only allowing cash contributions.
- The **Bipartisan Policy Center (BPC)**, in its report, [Paying the 2025 Tax Bill: Charitable Deductions](#), proposes replacing the charitable itemized deduction with a non-refundable tax credit with a cap on adjusted gross income (AGI), plus an AGI floor on the current charitable deduction.
- [Five Tax Loopholes for Mike Johnson's Chopping Block](#), George Callas, *Wall Street Journal*, Nov. 20, 2023. The former Chief Tax Counsel in the House recommends imposing excise taxes and levying taxes on more business activities of hospitals and higher education institutions, among other things.

General Background

In addition to the substantive policy issues, it's also smart to get a good grounding in the process and big picture of tax reform. Here are some good resources to get ahead:

- [The Budget Reconciliation Process: Timing of Legislative Action](#), Congressional Research Service, Feb. 23, 2016. We're all going to need to know about the Byrd Rule, reconciliation instructions, and more. This is the official guide.

- [Questions About Tax Cuts, Tariffs, and Reconciliation After the Election](#), Willam McBride, Erica York, Garrett Watson, Tax Foundation, Nov. 13, 2024. The authors provide an excellent summary on the Trump tax changes proposed during the campaign, and what's likely to be extended as the 2017 tax law expires, plus a good description of the budget reconciliation process that could enable the majority party to enact reforms without Democratic votes.

And finally, NCN's initial analysis of the 2017 tax law:

- [Federal Tax Law - Tax Cuts and Jobs Act](#), National Council of Nonprofits, updated summer 2022.

Happy holidays. Happy studying. We'll see you in the New Year.