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# Nonprofit Champion | January 13, 2025

## *Free Webinar Series*



## Hot Tax Issues in 2025 and Nonprofit Priorities

Thursday, January 16, 2025 | 4:00 – 5:00 pm Eastern

Charitable nonprofits will be defending key protections and rights, like nonprofit nonpartisanship and charitable giving incentives, while advocating for improved

incentives, streamlined employment tax credits, and more. Panelists will address the common and unique priorities of several subsectors.

### [Register Now](#)

This presentation is the second in a webinar series dedicated to explaining what charitable nonprofits need to know **before** the 2025 tax debate begins in earnest. View the first presentation in this series, [The 2017 Tax Debate Experience and Budget Reconciliation](#) (1:01:38), Jan. 9, 2025, that focused on lessons learned from and since 2017 and on the rules governing the 2025 debate.

## Federal

# The 119th Congress Convenes

The presumptive word summarizing the agenda of the federal government under unified Republican control is “cuts.” As in cuts in how much the federal government spends each year and cuts in tax revenues. This “cuts agenda” will play out in multiple stages in the coming months, most notably in a February Budget Resolution, March debates over current year spending, and proposed major spending and tax legislation in April. The timeline may slip but the drama is guaranteed – both within and between parties and chambers.

## FY 2025 Spending

While much of the talk in Washington is about next year’s budget, Congress still must resolve spending for the current fiscal year that began in October and ends on September 30, 2025. The federal government has been operating under a series of “Continuing Resolutions” or “CRs” that largely maintained the prior-year spending levels. Most recently, in December Congress enacted another extension of the CR until March 14 to give then-President Trump an opportunity to weigh in on spending decisions. The challenge for House Republicans is that they will have only a one-vote majority in their famously fractured caucus. All significant players say they do not want a government shutdown, but the dynamics are fraught with uncertainty and risk.

## The Main Event

President-Elect Trump and congressional Republicans appear unified in pursuing an aggressive agenda that will focus on immigration, energy, and spending and tax matters. Their preferred vehicle(s) for achieving legislative victories involve the complex budget reconciliation process that allows passage of bills by a simple majority when specific rules are followed. House and Senate leaders continue to haggle over whether there will be one or two reconciliation bills, but the substance is coming into clearer focus.

- **Spending Reconciliation Provisions:** House Republicans reportedly are gearing up to advance spending cuts of at least \$2.5 trillion in a budget reconciliation bill, working off a [menu of potential spending offsets](#) totaling more than \$5 trillion. The list includes major savings from Medicaid (up to an estimated \$2.3 trillion), clawing back some Affordable Care Act and covid-related funds, “ending cradle-to-grave dependence,” and eliminating what is called a “student loan bailout,” which could affect the Public Service Loan Forgiveness program.
- **Tax Reconciliation Provisions:** Nearly [40 tax provisions are scheduled to expire](#) at the end of 2025, including lower individual tax rates, the higher standard deduction, the increased child tax credit, the cap on state and local tax (SALT) deductions, and higher estate tax exemptions. Those temporary tax changes were enacted as part of the 2017 tax law; in contrast, many business-friendly tax breaks were made permanent in 2017. Last week, the [Treasury Department](#) estimated that extending all expiring tax provisions would cost at least \$4.2 trillion and other tax proposals raised on the campaign trail would push that number up to \$5.5 trillion.

## Charitable Nonprofit Perspective

Both the spending and tax debates could settle on myriad policies that could undermine or enhance the abilities of charitable nonprofits to advance their missions and serve in their communities. Spending cuts could devastate the ability of organizations to provide basic needs and likely result in individuals seeking assistance from other charitable nonprofits or going without. Extending current tax policies, without improvements to charitable giving incentives, could continue or even accelerate the decline in the number of donors and total donations on which the sector relies. But it must be remembered that the sheer size and gravity of the policy questions present opportunities for nonprofit advocates to advance new and

improved solutions that recognize the role of charitable organizations in communities.

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### **Send a Message to the 119th Congress:**



## **Nonprofits are not to be ignored. Sign on now.**

There is much at stake for charitable nonprofits as the 119th Congress gets busy on tax and spending priorities. Lawmakers will decide momentous policy questions that can have a profound impact – positive or negative – on the ability of local organizations to improve lives, strengthen communities, and advance the public good. We encourage you to join with thousands of charitable nonprofits throughout the United States in signing onto the [Nonprofit Community Letter](#) to ensure Representatives and Senators understand the importance and impact of charitable organizations to their constituents and communities.

[Sign your nonprofit on to this message](#)

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### **Worth Studying**

- [Tax Policy Proposals of the National Council of Nonprofits](#), National Council of Nonprofits website.
  - **Opinion:** [How Trump Could Target Nonprofits — and How to Protect Yours](#), Mike Berkowitz, *Chronicle of Philanthropy*, Jan. 8, 2025.
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### **Worth Reading**

- [What the nonprofit sector is eyeing in tax talks](#) (subscription needed), Laura Weiss, *Punchbowl*, Jan. 12, 2025.
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# Federal *FastView*

- **Taxpayer Advocate Recommendations:** In her annual [Report to Congress](#), the National Taxpayer Advocate made two nonprofit-friendly recommendations to encourage volunteering and make tax filings easier. First, the Advocate recommended setting a single mileage deduction rate for all forms of vehicle usage – volunteer, moving/military, and business. Currently, the volunteer mileage rate is fixed at \$0.14 per mile while the IRS recently adjusted the [business mileage rate](#) for inflation to \$0.70 per mile. The second recommendation calls for eliminating arbitrary deadlines for charitable organizations to acknowledge donations and instead allowing donors to demonstrate contribution through other reasonable means.
  - **Title IX Rule Blocked:** A federal judge blocked a Biden Administration Rule to [bar gender-based discrimination](#) in education programs or activities that receive federal funding. The Rule was [intended to protect](#) against gender-based harassment and sexual violence, protect against discrimination and retaliation against pregnant or LGBTQI+ students, and require schools to conduct prompt investigations and take remedial action, among other things. The judge declared the Rule unconstitutional and unlawful on the grounds that its prohibition on sex discrimination does not meet the conduct covered under a hostile-environment harassment definition. The incoming Trump Administration is unlikely to appeal or support the regulation, essentially ending the Rule.
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## **Worth Remembering**

- [Jimmy and Rosalynn Carter left behind enduring nonprofits as part of their legacy of giving back](#), Thalia Beaty, *Associated Press*, Jan. 7, 2025.
- Video: [In Memoriam, Honoring a Life of Service: Remembering President Carter](#) (00:01:37), Habitat for Humanity.



State and Local

# State of the States and Charitable Nonprofits

By the end of January, most governors will have delivered their State of the State addresses, inauguration speeches, or released their budget framework, to set their agendas for the year. Their priorities and proposals could impact charitable nonprofits and communities.

- **Budget Proposal:** Some early highlights from budget proposals include recovery from natural disasters ([Alaska](#)), increasing the number of early childhood and child care professionals ([New Mexico](#)), and improving the recruitment and retention of health care professionals ([Hawai'i](#)).
  - **State of the State:** Recent State of the State addresses prioritized workforce development ([Connecticut](#)) and property tax reform ([North Dakota](#)). **Colorado**'s governor [prioritized](#) public safety and lowering the costs of transportation and health care for individuals. The Governor in **Idaho** focused on childcare access, workforce housing, healthcare in rural areas, and the [Idaho LAUNCH program](#) for ongoing workforce development.
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## Worth Studying

- [Ten of the Biggest Issues to Watch in 2025](#), Jared Brey, Alan Greenblatt, Jule Pattison-Gordon and Carl Smith, *Governing*, Jan. 6, 2025.
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## New State Laws Now In Effect

Several laws around the country went into effect January 1, or will take effect later this year, affecting nonprofit employers and employees. Below are some highlights:

- **Minimum Wage:** Twenty-three states will see a minimum wage [increase](#), and ten states now have a minimum wage equal to or greater than \$15 an hour.
- **Paid Leave:** In **Connecticut**, employers with [at least 25 employees](#) must now provide up to 40 hours of paid sick leave each year. This also applies to most workers except seasonal and other temporary employees. Some **Delaware** employers will start contributing to the state Paid Family and Medical Leave program later this year. A similar [program](#) in **Maine** began on January 1: employers will contribute to the fund depending on the number of employees to

provide eligible employees up to 12 weeks of paid leave beginning next May. **Washington State**'s paid sick leave law now allows employees to [take leave during a declared emergency](#) when the "employee's child's school or place of care" is closed for either a "health-related reason" or public emergency.

- **Pay Transparency:** **Illinois** employers with at least 15 employees must include a pay scale and benefits in their [job postings](#). In [Minnesota](#) similar requirements apply for employers with 30 or more employees.
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## Government Grantmaking **RESPECT** for Nonprofits

In recent days, government officials in Maryland and New York have shown their respect for the work of charitable organizations and acknowledged the need for stronger partnerships and positive policies. Their positive statements and actions are shared here to help nonprofits elsewhere turn this into the year of respect and meaningful reforms:

- "Building partnerships between government and nonprofits is essential as we work to create a stronger future and an economy that works for everyone... I am confident the new and ongoing partnerships forged through the conference will bridge the gaps between us and help build a state that is more equitable, more resilient, and more prosperous so that every Marylander can reach their full potential."

— [2024 Nonprofit Conference Impact Report](#), Comptroller of Maryland, December 2024, a report that highlights challenges and strategies to support nonprofits and enhance operational impact in Maryland.

- "As institutions that are on the ground in communities across the state, nonprofits provide integral services to vulnerable populations in ways that are targeted, trusted and culturally responsive, and are relied upon by all levels of government. However, the process by which government funding is provided is not always timely; in 2023, over half the State's contracts with nonprofits were executed late. Without a contract, nonprofits cannot receive the funding they require."

— [The Critical Role of Nonprofits in New York](#), Office of New York State

Comptroller, January 2025, calling on state policymakers to ensure contracts are processed within the timeframes provided by law, allowing nonprofits to more easily fulfill their vital role in New York's economy.

- “Nonprofit workers never hesitate to answer the call from our city, whether it’s an international humanitarian crisis, a global pandemic, or helping a neighbor in need. The last thing they should have to worry about is getting paid on time.”

— New York City Mayor Eric Adams, quoted in [Mayor Adams tackles nonprofit payment delays, appoints new executive director](#), *amNY*, Jan. 3, 2025, , when he unveiled a series of initiatives designed to expedite payments to nonprofit providers, ensuring that essential services can be delivered without hindrance. Mayor Adams also announced the appointment of Michael Sedillo as executive director of the Mayor’s Office of Nonprofit Services. See [Adams news release](#).

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## Measuring Nonprofit Economic Impact



A new report on Alaska's nonprofits demonstrates that charitable organizations play a critical role in the state's economy as employers and revenue generators.

According to the analysis prepared by [The Foraker Group](#), the state association of nonprofits, the nonprofit sector directly employs 35,302 Alaskans, which translates into \$3.8 billion in total income generated by the charitable organizations in the state. The report also found that nonprofits generated \$9.4 billion in revenues in 2023, an increase of 19% from 2020. Further, Alaska's lack of a county government

system means that nonprofits provide services traditionally filled by the government to keep our people and our places safe, healthy, and vibrant. Read the full report: [Nonprofit Economic Impact: Alaska Nonprofits Play a Central Role in the State's Economy](#).

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## Numbers in the News

### 70 cents/mile

The revised standard mileage rate for business usage in 2025. The charitable mileage rate remains fixed in statute at 14 cents per mile.

**Source:** [2025 Standard Mileage Rates](#), IRS Notice 2025-5, January 2025.

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## January is

- [National Blood Donor Month](#)
  - [National Braille Literacy Month](#)
  - [National Slavery and Human Trafficking Prevention Month](#)
  - [Poverty Awareness Month](#)
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## Did You Know?

While the deadline for state and local governments to obligate [State and Local Fiscal Recovery Funds](#) (SLFRF) has expired, charitable nonprofits that received SLFRF resources have until December 31, 2026 to spend those funds.

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## Nonprofit Events

- Jan. 14, [How to Prepare for Tennessee's Legislative Session](#), Tennessee Nonprofit Network
- Jan. 16, [2025 Legislative Agenda Kickoff](#), Forefront
- Jan. 17, [2025 Session Lineup](#), Minnesota Council of Nonprofits
- Jan. 17, [Legislative Breakfast](#), Wyoming Nonprofit Network

- Jan. 23, [2025 Legislative Landscape](#), AZ Impact for Good
- Jan. 28, [Legislative Preview](#), Colorado Nonprofit Association
- Jan. 28, [Advocacy Building Blocks](#), Nonprofit Association of Washington
- Jan. 30, [Nonprofit Day at the Capitol](#), Montana Nonprofit Association
- Feb. 4, [Maine Nonprofit Day](#), Maine Association of Nonprofits
- Feb. 4, [Nonprofit Advocacy Summit](#), Tennessee Nonprofit Network
- Feb. 5, [Day on the Hill](#), Tennessee Nonprofit Network

#### Advocacy in Action

## Why Nonprofit Nonpartisanship Matters

It has been stated many times in this newsletter and elsewhere that the charitable nonprofit community is steadfastly nonpartisan in law, fact, and purpose. The National Council of Nonprofits' commitment to this statement is so sincere that it has for years appeared twice in its [Public Policy Agenda](#) (under tax policy and advocacy rights). It is one thing to say charitable organizations obey the letter and spirit of federal law. It's a whole other level of commitment to say it is steadfast. Why does this policy in support of nonpartisanship matter so much?

[Read More](#)

## Stay in the Loop

Want to be the first to know policy developments and operational trends affecting nonprofits? Sign-up to receive our free newsletters, Nonprofit Champion and Nonprofit Essentials, and browse the archive of past editions.

[Sign-Up](#)