



June 20, 2025

The Honorable John Thune
Senate Majority Leader
S-230, The Capitol
Washington, D.C. 20510

The Honorable Charles A. Schumer
Senate Minority Leader
S-221, The Capitol
Washington, D.C. 20510

The Honorable Mike Crapo
Chairman, Committee on Finance
239 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member, Committee on Finance
221 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Leader Thune, Leader Schumer, Chair Crapo, and Ranking Member Wyden:

As Congress continues to debate and advance tax policy changes, we write to respectfully urge you to protect and strengthen the nonprofit sector in the budget reconciliation package and continue to support the vital role nonprofit organizations play in our communities. This request is supported by approximately [2,300 national, state, and local nonprofit organizations](#) from across the nation.

We appreciate that Senate leaders removed some harmful provisions from the draft legislation, including proposals to expand taxes on foundations and to impose a new tax on nonprofit employers for the transportation benefits they offer to employees. We also greatly appreciate that the legislation seeks to help 90% of Americans give more generously and consistently through a strengthened, permanent nonitemizer charitable deduction. We will carefully evaluate the combined impact of this provision and the .5% of adjusted gross income floor for itemizers that is used to offset its cost.

Despite these improvements, however, we remain deeply concerned that – as currently constructed – the One Big Beautiful Bill Act will adversely affect nonprofit organizations across the nation that are working to improve lives and strengthen communities. The bill includes some policies that aim to help our organizations do more good, however, it also includes more provisions that would hurt our organizations and those we serve. The nonprofit sector must not be used as a revenue source to pay for other unrelated policies. As the tax package advances through Congress, we urge you to remove these harmful provisions, which undermine the work of nonprofits, and to instead bolster support for these vital institutions.

Nonprofit organizations play a critical role in delivering needed services, driving economic growth, and strengthening communities. Nonprofits are located in rural, suburban, and urban communities across the nation. A majority of nonprofits (59%) operate with very small budgets under \$50,000, and

most (97%) have budgets of less than \$5 million. These organizations are lean and frugal, making every dollar count. Whether by helping others in crisis through food banks, shelters, recovery programs, or crisis hotlines, or by bringing people together through the arts, sports, or hobbies, nonprofits are deeply rooted in local communities, stepping in to fill gaps unmet by government.

Unfortunately, some of the policy changes included in the legislation could harm the millions of people who rely on the services and programs operated by local nonprofits in their communities. With cuts to federal funding and increased economic uncertainty, the charitable sector is stepping up; it is crucial that Congress not hamstring the sector when Americans need us most. For that reason, we urge you to remove the following harmful provisions from the tax reconciliation bill:

- **Section 70111, Limitation on Tax Benefit of Itemized Deduction.** This provision places limits on itemized deductions, including the charitable tax deduction. High-income taxpayers, those in the top 37% tax bracket, would be subject to an overall reduction in the value of their itemized deductions, disincentivizing giving. Nonprofit organizations rely on these donors to serve their communities, and this provision could reduce giving by \$2-8 billion per year.
- **Section 70426, 1-Percent Floor On Deduction of Charitable Contributions Made By Corporations.** Corporate grantmakers are key partners for nonprofits in neighborhoods across the country. Not only do corporations donate products like personal protective equipment and school supplies; they also invest in workforce development and build economic capacity in communities that have been left behind. Because of this provision, many corporate donors would no longer be eligible for a charitable deduction, meaning a decline in charitable giving of approximately \$4.5 billion per year.

As Congress debates reconciliation legislation, your leadership is especially important. We respectfully ask that you use your position to ensure that nonprofits are protected and supported, not used to fund other priorities. While these are not the only provisions of concern to nonprofits, we stand united in calling for their removal. We are confident that with your leadership, Congress can pursue changes to fiscal policy while also safeguarding the essential work of charitable organizations.

Thank you for your leadership and for your attention to this critical matter. We will be closely following the reconciliation process and the outcome of any votes that affect the nonprofit sector.

Council on Foundations
Independent Sector
National Council of Nonprofits
United Philanthropy Forum

CC: Speaker of the House Mike Johnson; House Minority Leader Hakeem Jeffries; Chairman of the Committee on Ways and Means Jason Smith; Ranking Member of the Committee on Ways and Means Richard Neal