



Charitable Act (S. 317/H.R. 801)

Support Local Communities and Incentivize Charitable Giving

The Charitable Act extends and expands the expired charitable deduction for those who do not itemize on their tax returns, ensuring that every American who donates is able to benefit from both the standard deduction and the charitable deduction. Specifically, this legislation would raise the previous \$300/\$600 cap on the non-itemizer deduction to one-third of the standard deduction, equal to roughly \$4,500 for individuals or \$9,000 for joint filers.

This provision was first included in the CARES Act, which was signed into law by President Trump. The policy resulted in 90 million tax returns utilizing the deduction, and households making between \$30,000 and \$100,000 saw the largest increase in charitable giving. Charitable organizations received \$30 billion in increased donations as a result.

The sponsors of this bipartisan, bicameral bill are Senators Lankford (R-OK) and Coons (D-DE) in the Senate, and Representatives Blake Moore (R-UT), Danny Davis (D-IL), Carole Miller (R-WV), and Chris Pappas (D-NH) in the House.

Generous Americans give over \$500 billion annually to charities in their communities. Charitable dollars are essential to maintaining a healthy civil society, vital to both nonprofit charities and local governments that depend on these resources to achieve their critical missions.

Drop in Charitable Giving Without Charitable Act

- According to data compiled by AFP's Fundraising Effectiveness Project, the number of small donations went up in 2020 and 2021 after Congress enacted a charitable deduction for non-itemizers. Then, small-gift donors collapsed in 2022 after the temporary universal charitable deduction was not renewed. The data reports a decline in key fundraising metrics including donated dollars, number of donors, and donor retention rate.
 - Specifically, the 2023 report found that from 2022 to 2023: donors contributing less than \$500 were responsible for 79.3% of the overall decrease in donors; and
 - The latest report from Q3 2024 shows this continued trend of overreliance on major donors as micro-sized donors (those that gave less than \$100) continued to experience the largest drop among donors. In the past year, smaller donors (\$1-\$100) showed the sharpest decline at -12.4%.

Renewing and expanding the non-itemizer deduction will encourage all Americans, not just itemizers, to give more. By doing so, we can ensure that nonprofits receive the resources they need to continue providing vital services to communities across the country.

Congress Should Restore Non-Itemizer Charitable Deduction

United Philanthropy Forum, Council on Foundations, and Independent Sector are leading supporters of the Charitable Act. A full list of the more than 1,000 charities from all 50 states who also support the Charitable Act can be found at www.charitablegivingcoalition.org.

