

Legislative Issues

Issue
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Bipartisan Charitable Giving Act

SUPPORT THE BIPARTISAN CHARITABLE GIVING ACT

- U.S. Senate Bill: S.566
- U.S. House Bill: H.R.3435
- Sponsors:
 - Senate: Sen. James Lankford (R-OK), Sen. Chris Coons (D-DE)
 - House: Rep. Blake Moore (R-UT), Rep. Danny Davis (D-IL)

CURRENT STATUS (2025 UPDATE)

- Congress enacted a limited universal charitable deduction for non-itemizers (\$1,000 individual / \$2,000 joint) effective tax year 2026; S.566 / H.R.3435 would expand and strengthen this policy.

REQUESTED STATUTORY CHANGE

- **Policy Type** - Tax Code Policy Amendment
- **Statute** - 26 U.S. Code Section 170 — Charitable, etc., contributions and gifts
- **Proposed Language Change** - Amend Section 170 of the Internal Revenue Code to allow a universal above-the-line deduction for charitable contributions for taxpayers who do not itemize deductions.

ISSUE SUMMARY

- While Congress recently enacted a modest universal charitable deduction, the current provision is capped at relatively low levels and does not fully restore incentives for broad-based charitable giving.
- Since the 2017 Tax Cuts and Jobs Act raised the standard deduction, the share of Americans itemizing dropped from 30% to under 10%, thus resulting in a \$29 billion decline in reported charitable giving from individual taxpayers (National Philanthropic Trust, 2022).
- The Bipartisan Charitable Act would increase charitable giving by expanding the tax deduction, providing nonprofits with more resources to deliver critical services to their communities across the country. It will support small nonprofits dependent on individual giving, expand civic engagement through philanthropy, and prevent long-term erosion in donor participation.

FULL DETAILED BACKGROUND

- Recent Legislative Developments (2025-2026)
 - Enactment of the \$1,000 / \$2,000 deduction effective 2026
 - Exclusion of DAFs/private foundations
 - Reintroduction of S.317 / H.R.801 (119th Congress) with higher deduction caps
 - Context on why nonprofits are still advocating for expansion
- In response to COVID-19's economic strain on nonprofits, Congress temporarily enacted a \$300/\$600

above-the-line deduction via the CARES Act (2020). This provision expired in 2021.

- Analysis of IRS data and research from the Indiana University Lilly Family School of Philanthropy (2023) confirmed the temporary deduction correlated with a measurable uptick in small-dollar donations and an increase in donor participation among households earning less than \$100,000.
- However, the deduction's expiration has again widened the gap in giving access between wealthy itemizers and standard deduction filers. In the U.S., over 85% of households now take the standard deduction and currently receive no federal tax incentive for charitable giving.
- Bipartisan support for this policy has been sustained since at least 2019. The most recent bill—S.566/H.R.3435—has garnered support from:
 - United Way Worldwide
 - National Council of Nonprofits
 - Independent Sector
 - Evangelical Council for Financial Accountability
 - Jewish Federations of North America
 - Catholic Charities USA
- A 2022 poll by Independent Sector found 84% of Americans support reinstating the universal charitable deduction.

BENEFITS/EXPECTED OUTCOME

- Boosts giving from everyday/uncommon donors.
- Supports nonprofits, both large and small, that provide essential services to their communities
 - Over 1.5 million nonprofits in the U.S. would be impacted
- Grants all taxpayers access to the same tax benefits as those in higher tax brackets who support their community through charitable giving.
- Provides a high community impact for a relatively low cost

POINT OF CONTACT

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