

Transparency, Evidence, and Rule of Law: Protecting Nonprofits from Executive Branch Overreach

May 2025

The National Council of Nonprofits (NCN) urges policymakers to remove from the tax reconciliation bill Section 112209, which would give unprecedented authority to the Executive Branch to revoke tax-exempt status from charitable nonprofits without due process or basic protections. While nonprofit organizations unequivocally oppose terrorism in all forms, any enforcement action must be grounded in transparency, evidence, and the rule of law. If enacted, the provision could allow any Administration targeting nonprofits based on ideological grounds.

Why It Matters

This harmful provision goes far beyond the stated intent of its proponents and raises well-placed fears that it would be abused to target organizations pursuing legitimate missions and engaging in truly humanitarian assistance – both domestically and internationally. The provision, which is based on the Stop Terror-Financing and Tax Penalties on American Hostages Act (H.R. 9495):

- **Lacks Due Process Protections.** The provision allows the Treasury Secretary to unilaterally revoke nonprofit status from “terrorist supporting organizations,” without requiring the Secretary to share full evidence or ensure due process.
- **Is Vague and Impractical.** The provision fails to define what actions “support terrorism.” The vague language could allow politicians to wrongly designate nonprofit organizations that provide humanitarian assistance or engage in other lawful activities as “terrorist supporting”.
- **Causes Irreparable Harm.** Nonprofit organizations wrongfully designated as “terrorist supporting organizations” would be irreparably harmed, losing the trust of donors and the communities they serve. Ultimately, those who will suffer the greatest are the people who rely on services provided by nonprofits.

Call to Action

NCN urges federal policymakers to remove Section 112209 from the tax reconciliation package as it advances in Congress. Nonprofit organizations must be allowed to continue their lawful missions, delivering essential services to help fill the gaps where governments cannot fully meet the needs of the community.

For more information, contact NCN Senior Vice President of Public Policy and Campaigns Sarah Saadian at ssaadian@councilofnonprofits.org.