



June 6, 2025

The Honorable Mitch McConnell
U.S. Senate
Washington, D.C. 20510

The Honorable Rand Paul
U.S. Senate
Washington, D.C. 20510

Dear Senator McConnell and Senator Paul:

On behalf of the undersigned Kentucky organizations, we 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. We are 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. While the bill includes some policies that aim to help our organizations do more good, it includes many 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 House bill 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 112022, Increase in the Rate of Tax on Net Investment Income of Certain Private Foundations.** At a time when nonprofit organizations face enormous financial

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challenges, the tax bill would take billions of charitable dollars away from communities, making it even harder for organizations to access the resources needed. This provision would ultimately harm the people served by nonprofits in their communities.

- **Section 110011, 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.
- **Section 112027, 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--especially in times of economic uncertainty.
- **Section 112024, Unrelated Business Taxable Income Increased by Amount of Certain Fringe Benefit Expenses for Which Deduction Is Allowed.** This provision increases and expands the Unrelated Business Income Tax (UBIT) to include any qualified transportation fringe benefit, such as transit benefits or parking benefits, for charitable organizations. While the bill carves out an exception for church-affiliated organizations, other nonprofits would be forced to pay additional income tax on an expense. A similar provision was enacted in 2017 and repealed retroactively due to the confusing nature of applying an income tax on an expense and the difficulty of quantifying the expense of certain benefits, such as the cost of a parking spot already owned by a charitable organization.

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.

Sincerely,

Kentucky Nonprofit Network, Inc.
A Caring Place
A Hand Up Community Resource Center
ARCH Community Health Coalition, Inc.
Bluegrass Lions Diabetes Project
Bowling Green-Warren County Community Education

Boys & Girls Club of Glasgow-Barren County	SBBI Enterprises Inc
Boys & Girls Club of Kentuckiana	Seven Counties Services
Center for Nonprofit Excellence	St. Vincent de Paul Louisville
Creasey Mahan Nature Preserve, Inc.	Sterling Health Solutions, Inc.
Easterseals Bluegrass	The Hearing & Speech Center
Educational Justice	The Kentucky Center for Grieving Children and Families
Elizabeth's Village	The Living Arts & Science Center
Flashback Theater Co.	The Rising Center
Foundation for Appalachian Kentucky, Inc	Transform Scott County
GreenHouse17	United Way of the Bluegrass
Home of the Innocents	UP for Women and Children
Hope Hill Youth Services	UpSpring
Hope's Place Child Advocacy Center	Women Leading Kentucky
Kentuckians for the Arts	ZeroV
Kentucky Academy of Science	
Kentucky Alliance of Boys & Girls Clubs	
Kentucky Association of Sexual Assault Programs (KASAP)	
Kentucky Fair Housing Council	
Kentucky Humanities	
Kentucky Voices for Health	
Key Assets Kentucky, Inc.	
LexArts, Inc.	
Lexington Children's Theatre	
Lexington Gay Services Organization dba	
Lexington Pride Center	
Lexington Habitat for Humanity	
Lexington Public Library Foundation	
Lexington Rescue Mission	
Livelihoods Knowledge Exchange Network, Inc. (LiKEN)	
Lotus	
Matthew 25 AIDS Services, Inc.	
Mentors & Meals	
Moveable Feast Lexington, Inc.	
Nursing Home Ombudsman Agency of the Bluegrass	
Parks Alliance of Louisville	
People Advocating Recovery	
Pioneer Playhouse	
Redbud Financial Alternatives, Inc.	
Ronald McDonald House Charities of Kentuckiana	
Ronald McDonald House Charities of the Bluegrass	