



2019 Public Policy Agenda for North Carolina's Nonprofit Sector

February 14, 2019

Tax Policy Affecting Nonprofits:

State policy

1. **Nonprofit tax exemption.**

- Support conversion of the sales tax refund system to a sales tax *exemption* for all 501(c)(3) nonprofits. Under current law, nonprofits pay sales tax but can request semi-annual refunds of the taxes they pay.
- Support elimination of limits on nonprofit sales tax refunds based on amounts of refunds or National Taxonomy of Exempt Entity classifications.
- Support clarifications necessary to ensure that all 501(c)(3) nonprofits are exempt from paying property tax on property they own that is used for nonprofit purposes.
- Oppose further limits on nonprofit sales tax refunds or property tax exemption.
- Oppose unreasonable new taxes on 501(c)(3) nonprofits.

2. **Incentives for charitable giving.**

- Support universal, non-itemizer tax deductions or credits for charitable contributions that incentivize all North Carolinians to give generously to the work of charitable nonprofits.
- Oppose limits on the charitable deduction on state income taxes.
- Support reinstatement of the state IRA charitable rollover.
- Support expansion of corporate tax deduction for charitable contributions.

3. **Sales tax on services.**

- Encourage inclusion of nonprofits' input on any expansion of sales tax to services.
- Support clarification that nonprofits are not required to collect and remit sales tax on their fundraising events and educational events.

Federal policy

1. **Nonprofit tax exemption.**

- Support repeal of unrelated business income tax on nonprofit parking and transportation expenses and on treatment of each revenue stream as a separate trade or business.
- Oppose unreasonable new taxes on 501(c)(3) nonprofits. Even taxes that only apply to certain types of charitable organizations can undermine nonprofits' missions and set precedents that can ultimately lead to burdensome taxes on all nonprofits.

2. **Incentives for charitable giving.**

- Support a universal, non-itemizer deduction for charitable giving.

3. **Nonprofit nonpartisanship and advocacy.**

- Oppose all efforts to repeal or weaken the Johnson Amendment, which protects nonprofits from demands for endorsements of candidates for public office and the diversion of charitable assets to support partisan campaigns.
- Support tax law changes that protect and expand the ability of nonprofits to lobby.

Major State and Federal Policy Issues That Affect the Nonprofit Sector:

State policy

1. **Independent redistricting.**
 - Support legislation and a constitutional amendment to establish an independent, nonpartisan legislative redistricting process in North Carolina. This would elevate nonprofits' voices by making our state legislators and members of Congress more accountable to nonprofits in their districts.
2. **Health care policy.**
 - Support Medicaid expansion in North Carolina. This would complement the work of many nonprofits by ensuring that hundreds of thousands of North Carolinians have medical coverage.
 - Support policies that enable nonprofits to provide affordable, high quality health insurance for their employees. This may include policies that would enable nonprofits to pool together to negotiate better health insurance options in a way that does fundamentally not harm the overall health care market.

Federal policy

1. **Federal government shutdown.**
 - Support the position that federal policymakers should not use government shutdowns as a way to settle policy disputes, since government shutdowns harm nonprofits and the communities they serve.
 - Support policies that will ensure continuity of government services in the future and the continued payment of nonprofits for the services they deliver on behalf of governments.
2. **2020 Census.**
 - Support policies that would ensure a fair, accurate, and complete count in the 2020 Census.
 - Oppose inclusion of a citizenship question on the 2020 Census, since this could reduce the likelihood of a fair, accurate, and complete count.

Nonprofit Operations:

State policy

1. **Regulation of nonprofits.**
 - Support legislation to create simple, no-fee annual reports for nonprofits.
 - Support adequate funding for regulation of nonprofits by the NC Secretary of State.
 - Support policies creating official or unofficial state agency liaisons with nonprofits.
 - Oppose "mandatory volunteerism" requirements for recipients of government services, since these can create financial and administrative burdens for nonprofits.
 - Support clarifications and modernizations of nonprofit corporation and charitable solicitation laws that enable nonprofit organizations to operate efficiently, effectively, and in a manner consistent with best practices for the nonprofit sector.
2. **Laws affecting nonprofits as employers.**
 - Support policies that enable nonprofits to provide affordable and high quality benefits for their employees.
 - Support policies that reduce unnecessary employment law red tape or expenses for nonprofits.
3. **Nonprofit funding and fundraising.**
 - Support legislation to expand opportunities for nonprofit fundraising events.
 - Support legislation that promotes access to capital for nonprofits.
4. **Nonprofit independence.**
 - Oppose policies that limit nonprofits' governance as independent, nongovernmental corporations with control over their own organizational policies and practices.
5. **Election laws.**
 - Oppose election law changes that make it more difficult for people to vote, since these changes ultimately restrict nonprofits' voices.

Federal policy

1. **Regulation of nonprofits.**
 - Support adequate funding for the IRS to provide reasonable regulation and oversight of tax-exempt organizations.
2. **Laws affecting nonprofits as employers.**
 - Support policies that enable nonprofits to provide affordable and quality benefits for their employees.
 - Support labor laws and regulations – including changes to FLSA rules – that treat nonprofits similarly to for-profit businesses and that provide adequate protections for nonprofit employees and clients while not creating unreasonable unexpected new costs for nonprofits. In particular, it is essential that any significant changes to labor laws and regulations provide adequate transition periods for nonprofits to absorb increased costs due to fixed reimbursement rates under government grants and contracts or through limits imposed by private funders.
 - Oppose policies – such as elimination of student loan forgiveness programs – that would harm nonprofit employees.
3. **Nonprofit independence and advocacy.**
 - Oppose new restrictions on nonprofit advocacy rights.
 - Support policies that would limit the influence of political donors on policymaking. This would help level the playing field for advocacy by nonpartisan nonprofits.

Government Grants and Contracts with Nonprofits:

State policy

1. **Prompt payment, red tape, and full payment for costs.**
 - Support policies to ensure that state agencies (a) avoid delays in paying nonprofits that deliver services; and (b) inform them in advance if a payment will be late.
 - Support policies that address systemic problems with nonprofit-government contracting, including late contracting, late payments, and underpayment for indirect costs.
 - Support full and fair implementation of the OMB Uniform Guidance in state and local contracts.
2. **Adequate and appropriate state support for public services provided by nonprofits.**
 - Support continued state investment in the work of nonprofits through appropriations and grants.
 - Oppose unfunded mandates for nonprofits in the state budget.
 - Support transparency in the state budget process, including the process for determining which nonprofits receive state funds.
 - Oppose provisions in the state budget or separate legislation that limits nonprofits' ability to receive government grants or contracts based on factors such as administrative expenses.

Federal policy

1. **Prompt payment, red tape, and full payment for costs.**
 - Support legislation to simplify grant reporting requirements for nonprofits.
 - Support further improvements to the OMB Uniform Guidance.
2. **Adequate and appropriate state support for public services provided by nonprofits.**
 - Support continued federal investment in nonprofits through appropriations and grants.
 - Oppose arbitrary, across-the-board cuts to federal government spending.

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