Volunteer Mileage Relief

Background

Many charitable nonprofits rely on volunteers to deliver vital services to their communities. Yet, the number of people volunteering has not returned to pre-pandemic levels at many organizations.

Driving by volunteers on behalf of nonprofits during the pandemic has fallen dramatically due to safety concerns and costs. The rate of individuals who volunteer their time has declined from 65% in 2013 to 58% in 2020. In 2021, the rate fell to 56%.

Volunteers point to high gas prices and poor tax incentives, among others, as main reasons they have stopped donating their needed time and talent to helping others.

Gas prices directly affect the ability of volunteer drivers to provide essential services, such as meal delivery and access to healthcare, on behalf of charitable nonprofits. The impact is even more acute in rural communities and transit deserts where drive times to provide services are longer.

The Challenge

Congress established a volunteer mileage rate of 14 cents per mile when the average cost of gasoline was $1.23. The rate has not been updated since 1997. The past two years, the price of a gallon of gas has more than doubled – up from $2.41 on Mar. 1, 2020, to $5.00 on June 10, 2022.

Volunteers who perform work on behalf of nonprofits are restricted to deducting only 14 cents per mile. Federal and some state laws require volunteer drivers to pay income taxes on expense reimbursements from nonprofits that exceed the volunteer mileage rate.

This means that if nonprofits – to attract and keep volunteer drivers – offer to reimburse them for mileage at the standard business rate (currently 58.5 cents/mile and increasing to 62.5 cents/mile next month), drivers can be taxed on the 44.5 cents/mile above the 14 cents/mile (and soon 48.5 cents/mile) they could otherwise deduct.

Legislative Solution

The Volunteer Driver Tax Appreciation Act of 2022 (H.R. 7432), introduced by Rep. Stauber (R-MN), would raise the volunteer mileage rate from 14 cents per mile to the standard business rate for volunteers who drive their vehicles on behalf of charitable nonprofits to transport property or individuals. This would provide a needed incentive for volunteer drivers to return to assisting their fellow residents at less personal cost.

The bill would also effectively eliminate the income tax on mileage reimbursements up to the business rate, saving volunteers money and making tax filings easier. Nonprofits would not be required to reimburse volunteer drivers.

These simple changes would provide needed financial relief to volunteers by defraying one of the biggest costs associated with volunteering.

What You Can Do

Congress can promote volunteerism by raising the volunteer mileage rate and correcting tax treatment of reimbursements.

Will you cosponsor the Volunteer Driver Tax Appreciation Act of 2022 (H.R. 7432) and urge leaders to include it in legislation moving through Congress?