Impact of Nonprofit Provisions in Senate Tax Proposal

Provision	Number of Nonprofits Affected	Estimated Lost Revenue for Nonprofits	Notes
Cap on nonprofit sales tax refunds	• Between 35 and 75 nonprofits would be directly affected each year. • Many other nonprofits would be indirectly affected by a cap on sales tax refunds. These include the many nonprofits that provide programs and services in collaboration with large nonprofits that would lose revenue from a cap and may have to scale back or eliminate these programs.	• $150 million - $350 million per year	The cap would be about: • $10 million in 2016 • $8 million in 2017 • $6 million in 2018 • $4 million in 2019 • $1 million in 2020
$20,000 cap on itemized deductions	• Between 500 and 5,000 nonprofits would have donors who would be affected by this cap each year	• $60 million - $900 million per year	• North Carolinians make about $5.9 billion in tax-deductible charitable contributions each year. • By including all IRS Schedule A deductions (including the charitable deduction) in the $20,000 cap on state itemized deductions and raising the standard deduction to $18,500 by 2020, the Senate plan would essentially eliminate any state tax incentive for charitable giving.
Shift from semi-annual to annual sales tax refunds	• About 9,000 nonprofits	• $2 million - $20 million per year	This would affect cash flow for many nonprofits

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