H.R. 1: ONE BIG BEAUTIFUL BILL ACT
TAX POLICY TALKING POINTS

On May 22, the House of Representatives passed the *One Big Beautiful Bill Act* (OBBB). LeadingAge urges NO to vote on OBBB in the Senate. The bill's overall negative impacts on older adults and the aging services ecosystem far outweigh its positives.

LeadingAge urges Congress to protect and strengthen the nonprofit sector in the budget reconciliation package and to support the vital role nonprofit aging services organizations play across the country.

While the tax provisions of H.R. 1 include policies that would help nonprofit organizations advance their missions and serve their communities, such as modifications to the low-income housing credit (Section 111109), the bill also includes revenue raising provisions that would hurt nonprofits and those they serve.

As the legislation advances, **we urge Congress to remove the following harmful tax provisions**, which undermine the work of nonprofits, and to instead bolster support for these vital institutions and the individuals they serve.

- **Increase in the Rate of Tax on Net Investment Income of Certain Private Foundations (Section 112022).** Private foundations play a vital role in supporting nonprofit organizations and investing in communities nationwide. A decrease in the resources available to foundations means less capacity for grantmaking and fewer dollars for direct charitable work. At a time when nonprofit organizations face enormous financial challenges, this section would make it even harder for organizations to access needed resources and adversely affect the people served by nonprofits in their communities.

- **1-Percent Floor on Deduction of Charitable Contributions Made by Corporations (Section 111028).** Like private foundations, corporate grant makers are key partners for nonprofits, making not only cash donations, but also in-kind donations, and encouraging their employees to offer volunteer hours. Under this provision many corporate donors would no longer be eligible for a charitable deduction, meaning a decline in charitable giving.

- **Unrelated Business Taxable Income Increased by Amount of Certain Fringe Benefit Expenses for Which Deduction Is Allowed (Section 112024).** This provision increases and expands the unrelated business income tax to include any qualified transportation fringe benefit, such as transit benefits or parking benefits, for tax-exempt organizations. While the bill carves out an exception for church-affiliated organizations, other nonprofits would be required 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 space already owned by a charitable organization.

Knowing the Senate may consider tax policies that the House did not include in its bill, **we also urge the Senate to oppose proposals to limit or eliminate the tax exemption of municipal bonds.**

Aging services providers rely on tax-exempt bond financing to fund capital projects or refinance debt, including for nursing homes and life plan communities, and pairing tax-exempt bonds with Low Income Housing Tax Credits (LIHTCs) for affordable senior housing.

Removing or restricting the tax exemption for interest on municipal bonds would raise the cost of borrowing and make it more difficult for some organizations to access capital, greatly affecting the ability of aging services providers to sustain and advance their mission to serve individuals and communities.