



Dear Members,

It's a busy year! Here are a few public policy updates that may be of interest to you.

Official AFP-sponsored activism is limited to promoting strategies to maximize philanthropic giving under the OBBBA at this time.

For those of you interested in other activism impacting the nonprofit sector, I have compiled this information mostly from the National Council for Nonprofits.

THESE MEASURES WOULD IMPACT NONPROFITS NATIONALLY.

The sector continues to see threats to the core of its existence under the current administration.

Southern Poverty Law Center Indicted by the U.S. Dept. of Justice

Southern Poverty Law Center (SPLC), a national civil rights nonprofit known for tracking and combatting white supremacist organizations like the Ku Klux Klan, was indicted by a grand jury on April 21 after the U.S. Department of Justice (DOJ) filed criminal charges related to SPLC's past practice of paying informants to infiltrate extremist organizations and sharing the intelligence they gathered with law enforcement agencies. In advance of the indictment, SPLC released a video of its CEO Bryan Fair, who noted the administration's weaponization of government to target civil rights and other nonprofits whose work the administration disfavors.

Nonprofit leaders, scholars, activists and politicians remain concerned about the weaponization of government against nonprofits.

Treasury Announces IRS Plans to Revise Annual Nonprofit Reporting Form 990

The U.S. Department of the Treasury announced on April 23 that the Internal Revenue Service (IRS) plans to revise the Form 990 to require nonprofits to report annually on government grants and contracts and fiscal sponsorship arrangements. The administration alleges without evidence that changes are needed "to detect misconduct and hold wrongdoers accountable." The announcement notes that the IRS will formally propose regulations, providing the public with the opportunity to submit comments.

The National Council of Nonprofits (NCN) supports existing reasonable regulations and policies that make the charitable nonprofit community the most transparent sector of the U.S. economy. Any changes to federal regulations must maintain the proper balance between protecting and informing the public and preventing excessive and disruptive regulatory burdens that hinder the ability of nonprofits to advance their missions. NCN is closely monitoring this development, and we will prepare resources to help nonprofits advocate throughout the regulatory process.

Plaintiffs Appeal Dismissal of Legal Settlement Challenging Nonprofit Nonpartisanship

National Religious Broadcasters filed a notice of appeal on April 22 to the Fifth Circuit Court of Appeals less than one month after a federal district court dismissed a proposed legal settlement between the plaintiffs and the Internal Revenue Service (IRS) that would have barred enforcement

of a federal law protecting nonprofits from partisan politics. On March 31, the district court dismissed the case on jurisdictional grounds, holding that the Anti-Injunction Act barred the lawsuit.

While the legal settlement would have applied only to the two churches involved in the case, it nonetheless threatened to weaken a critical federal law, known as the Johnson Amendment, that for over 70 years has protected charitable and religious nonprofits from partisan political activity. This law ensures that 501(c)(3) organizations—including churches, food banks, and community nonprofits—can focus on their missions without political interference. More than 1,800 nonprofits signed a national letter, warning that weakening this law invites partisan interests into nonprofit spaces, distorts priorities, and jeopardizes long-standing community trust.

The National Council of Nonprofits applauded the district court’s decision to dismiss the lawsuit. NCN will closely monitor developments as the case is reviewed by the appeals court.

Committee Demands Answers on IRS Nonprofit Investigations:

Representatives Doggett (D-TX) and Sewell (D-AL) led efforts by Democrats on the House Ways and Means Committee to demand answers from Internal Revenue Service (IRS) Chief Executive Officer (CEO) Bisignano on reports that the IRS has “compiled a list of Democratic donors and ‘left-leaning’ nonprofit organizations, and is moving to label these groups as domestic terrorists.” The policymakers ask the IRS CEO to provide lawmakers with key information about whether administration officials requested the IRS to investigate any particular entities, which individuals were involved in drafting the list of investigative targets, and more.

Legislation Seeks Annual Disclosure for Nonprofits Serving Refugees:

Representatives Fischbach (R-MN) and Finstad (R-MN) introduced the Immigrant Resettlement & Welfare Abuse Prevention Act (H.R.8329). The bill, if enacted, would require nonprofits serving refugees to report annually on the total number of non-citizens the organizations assisted through resettlement or relocation activities and increased access to federal benefits – activities that are lawful. The policymakers allege without evidence this legislation is needed to prevent fraud.

Nonprofit Hospitals Receive Congressional Scrutiny:

At a hearing before the House Ways and Means Committee, policymakers questioned federal tax exemptions for nonprofit hospital systems. Chair Smith (R-MO) argued that tax-exempt hospitals “receive a \$28 billion tax break while only spending roughly \$16 billion on charity care.”

Please let us know if there’s an issue you want to hear more about in the future.

With gratitude,
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