

TAXATION OF NONPROFIT ORGANIZATIONS

Nonprofit organizations are created and maintained to serve a charitable purpose or meet a community's needs. Nonprofit organizations provide essential services and programs and are designed for public benefit. These charitable organizations exist across the United States but are often directed toward underserved communities where public needs are not fully met by the private sector or government. For-profit organizations are geared to produce profit for corporate or private interests.

The National Parent Teacher Association believes that the nonprofit sector serves a valuable purpose in society. In addition to direct services, nonprofit organizations often play a vital role in educating the public, advocating for policy changes, and fostering civic engagement. Tax policies must support these roles to uphold a vibrant and informed society. Favorable tax treatment ensures they can continue addressing critical issues beyond local communities, benefiting society as a whole.

Nonprofit organizations rely on several sources of revenue to operate, including favorable tax treatment under state and federal law to sustain their work in communities. Because of this lower tax burden, a nonprofit organization will have more funds available to reinvest directly in services and programs, allowing the organization to have the maximum impact on a community. Moreover, changes to state and federal tax policy can strongly influence the reach and quality of services that a nonprofit organization can provide to the community.

PTA opposes any changes to tax policy that would undermine the ability of nonprofit organizations to meet community needs, including any proposal that would have the effect of increasing the tax burden on registered nonprofit organizations. Likewise, PTA supports any proposals that would strengthen the ability of nonprofit organizations to meet community needs, including protecting favorable tax treatment of nonprofit organizations and associations through mechanisms like the federal income tax exemption.

Adopted: by the 2025 Board of Directors