



# TEXAS NONPROFITS

2021 STATE AND FEDERAL POLICY LANDSCAPE  
REPORT BY UNITED WAYS OF TEXAS



## INTRODUCTION

Texas nonprofits play a range of significant roles in communities across our state: providing critical services, convening stakeholders to address specific needs, creating long-term impact to improve the quality of life in our communities, and serving as employers that are active contributors to our economy. Increasingly, Texas leadership looks to and expects the nonprofit and philanthropic sectors to play a bigger role in ensuring the health and well-being of Texas communities and to respond quickly and efficiently to complex issues such as public safety, health, and workforce development. This has been especially true during the past 18 months, as nonprofits struggled to maintain, and often expand, their services to address increased need in our communities. Nonprofits continue to stand in the gap to support communities, but the sector requires an infusion of resources and technical assistance to navigate this landscape.

Nonprofits, just like their for-profit and other sector counterparts, require thoughtful and supportive policymaking that helps them further their missions. Nonprofits are experts in their community and it is critical that they have a seat at decision-making tables. State and local leaders not only need to hear the voices of nonprofits, but actively engage them in policy design and implementation. This year, during Texas' 87th Legislative session, United Ways of Texas (UWT) tracked sector-wide bills and advocated for policies and other systemic improvements that support and strengthen the work of all nonprofits.

*This report highlights key policy wins during the 87th Regular Legislative session, provides updates on important federal policies that have supported nonprofits during the pandemic, and provides a look forward at the work to strengthen the voice and impact of our state's nonprofit sector.*

# STATE LEGISLATION

## *87th Regular Session*

An adequately resourced and supported nonprofit sector is critical to ensuring an equitable and thriving Texas. United Ways of Texas actively engaged in policy advocacy on behalf of the nonprofit sector. During session, UWT tracked over 150 bills related to the nonprofit sector in six key areas:

**Volunteerism and civic engagement**  
**Charitable giving and tax exemptions**  
**State agencies and contracting**  
**Nonprofit representation**  
**Nonprofit operations**  
**Overall state investment**

UWT also participated in key legislative activities, including testifying on multiple bills during committee hearings, meeting with legislators and staff, and providing updates to the larger nonprofit network.



# Key passed bills

## Charitable Giving & Tax Exemptions

Charitable giving is a key source of revenue for nonprofit organizations. We support policies that incentivize contributions and make it easier for Texans to support financially nonprofit organizations.

- **SB 197 by Sen. Nelson** – exempts nonprofit animal welfare organizations' sale/adoption fee transactions from sales tax.
- **HB 2168 by Rep. Krause, HB 2757 by Rep. Cyrier, & HB 3012/HJR 143 by Rep. Geren** – expands charitable use of raffles.
- **HB 3799 by Rep. Metcalf** – exempts items from sales tax sold by a nonprofit county fair association at a county fair on property owned by the county.
- **HB 2213 by Rep. Frullo** - exempts from certain processing regulations exotic animals donated by a hunter to a nonprofit food bank.

## Nonprofit Representation

Nonprofit leaders are experts in their community and are often a critical link between local work and systems-level change. We support policies that invite nonprofits to key decision-making tables and that encourage authentic collaboration on state priorities.

- **HB 626 by Rep. Rosenthal, SB 337 by Sen. Powell, HB 295 by Rep. Murr, HB 1728 by Rep. Smithee & HB 3617 by Rep. Anchia** – allows nonprofits to partner with/receive grants from state agencies/programs.
- **HB 1863 by Rep. Bucy, HB 4080 by Rep. Jetton, & SB 1123 by Sen. Perry** - allows Texas Department of Motor Vehicles to issue specialty license plates and allocate a portion of the fee to specific charities.
- **SB 36 by Sen. Zaffirini, SB 476 by Sen. Nelson, SB 560 by Sen. Lucio, SB 801 by Sen. Kolkhorst, SB 1118 by Sen. Johnson, SB 1458 by Sen. Zaffirini & HB 3257 by Rep. P. King** - allows or requires nonprofit consultation/representation in various state programs/taskforces.

# Key passed bills

## State Agencies & Contracting

State policymakers continue to look to the nonprofit sector to deliver community-based solutions to complex challenges. Nonprofits often have limited capacity and face complex contracting processes and barriers hindering their ability to partner with the state to deliver critical programs and services. We support policies that encourage effective partnership and reduce barriers between state agencies and nonprofit organizations.

- **HB 1322 by Rep. Shaheen** – requires state agencies to publish a summary of a proposed rule written in plain language in English and Spanish on their websites.
- **HB 1476 by Rep. Bell** – requires a governmental entity to provide a vendor a detailed statement of a disputed amount on an invoice and prohibits the entity from withholding more than 110% of the disputed amount, allowing for partial payment of the invoice while the dispute is resolved.
- **SB 799 by Sen. Nelson** – amends contracting procedures and requirements for governmental entities, including raising limits for competitive bidding and certain reporting requirements, and makes updates to the contract management guide.

## Nonprofit Operations

Nonprofits are private organizations dedicated to benefiting the public good. We support policies that build nonprofit capacity and make it easier for nonprofits to innovate and deliver bigger impact for their communities.

- **SB 6 by Sen. Hancock** – provides COVID liability protections for nonprofits (retroactive to the start of the pandemic) that are making reasonable efforts to comply with government regulations and public health guidance.
- **SB 15 by Sen. Nichols** – Texas Consumer Privacy Act Phase I – allows nonprofit organizations to obtain/verify information relating to a contractor/volunteer/employee who holds a driver's license or their driving history from a state agency.
- **HB 3131 by Rep. Cole** – requires new entities doing business with the state to include a preferred mailing address on the certificate of formation form to ensure accurate mailing information.

# Key passed bills

## Volunteerism & Civic Engagement

Volunteerism and other acts of service are at the heart of the work of community-based organizations. We support policies that promote volunteerism and civic engagement and remove barriers towards participation in these activities.

- **SB 44 by Sen. Zaffirini** - allows state employees to take paid leave to volunteer with VOAD (Voluntary Organizations Active in Disaster) during times of disaster.

## Overall State Investment

State investment in communities is critical – nonprofits cannot solely address the needs of communities. We support policies that affirm the government’s meaningful role, partnership, and participation in addressing complex issues through investment in critical areas and systems alongside nonprofits.

- **HB 5 by Rep. Ashby** - creates a state broadband office (based in the Comptroller’s office), state broadband plan, and grant program to improve broadband infrastructure and address digital access and use in communities across the state. The bill also requires digital inclusion nonprofit representation on the Broadband Development Council and Board of Advisors.
- **Key budget items** – fully funding HB 3 (2019) school finance commitments; \$110m increase in higher education financial aid; \$8.6b in mental health funding across all agencies; and \$8b for employer and community-based organization partnerships.

While there was some progress made in key nonprofit sector areas, there were also missed opportunities to strengthen and support the sector. 211 Texas is a trusted resource and connector for all Texans to critical, community-based services. Although we advocated for budget efforts to bring technology upgrades to 211 Texas, to expand local and state partnership opportunities, and to bring efficiency and innovation to our state’s information and referral system, these were ultimately not included in the budget. Similarly, while legislative champions supported efforts to increase data transparency in state contracting, as well as policies to build the infrastructure and capacity of the nonprofit sector, these priorities did not make it through the legislative process. Communities across the state need stable nonprofit organizations to grow and thrive. UWT knows this firsthand and will continue to advocate for a stronger, well-resourced nonprofit sector.

# FEDERAL LEGISLATION

Federal policy provides important supports to the nonprofit sector. Nationally, the nonprofit sector is still recovering from the pandemic, with reduced revenues and over 600,000 jobs still lost. Policies that support the financial and operational health of the sector allow nonprofits to continue to deliver on their mission and support the economic and health recovery of communities.

## Key Federal Policies

- **Charitable deduction contribution** – The CARES Act established an above-the-line deduction for all taxpayers that engaged in charitable giving. The deduction in 2020 was \$300 and expanded in 2021 to \$300 for individual filers and \$600 for joint filers. This incentive is not currently extended beyond 2021.
- **The American Rescue Plan Act** – The federal government has allocated substantial financial aid to local and state governments to ensure these entities can maintain their essential services and not increase reliance on nonprofit organizations that are already struggling to maintain programs. The Texas Legislature will make key decisions on allocating billions of dollars during a called special session this fall.
- **Child Tax Credit** – The American Rescue Plan Act increased the amount of the child tax credit for 2021 to \$3600 per qualifying child under age 6 and \$3000 per qualifying child under age 18. The Act also allows families to receive advance payments monthly for the remainder of the year, totaling up to one-half of the full eligible amount.

## Proposed Federal Legislation

- **WORK NOW Act (S. 740/H.R. 1987)** – This filed bill is designed to help nonprofits provide services to meet increased community needs caused by the pandemic and to help create jobs and reduce unemployment within the sector. The bill would appropriate \$50 billion to support nonprofits across the country as they stabilize their workforce and continue to focus on delivering critical services.
- **Universal Giving Pandemic Response and Recovery Act (S. 618/H.R. 1704)** – This filed bill would raise the cap on the charitable deduction for nonitemizers and extend the deduction to 2022.
- **Infrastructure Investment and Jobs Act (H.R. 3684)** - This filed bill, which has passed the Senate but not the House (as of 9/8/21), allocates \$1 trillion for significant infrastructure projects, including \$65 billion for broadband infrastructure and digital equity and inclusion work, \$1 billion to reconnect communities divided by transportation infrastructure, over \$50 billion for community resiliency projects, and billions for clean water, energy efficiency, environmental work, and public transit projects and initiatives.



## LOOKING AHEAD

Local, state, and federal lawmakers are continually engaging in policymaking that impacts our sector and the ability of nonprofits to deliver on their mission. Now more than ever, nonprofits raising their collective voice and engaging in policy and advocacy is needed to support the sector. United Ways of Texas (UWT) will continue to bring nonprofit organizations together to tackle the sector's most pressing challenges and to strengthen the partnership between nonprofits and state policymakers.

UWT understands that community voices are critical to building a stronger Texas and that together, our collective voices can drive powerful changes for our respective communities, regions, and ultimately, for our state. UWT will actively engage in the implementation of key bills passed this legislative session, as well as special session advocacy to ensure federal recovery dollars support nonprofits and communities. UWT will also continue to explore ways to increase transparency in state level data collection, knowing that having a clear picture of how the state and nonprofit do business is important to deepening those relationships to provide critical services.

The nonprofit sector is an incredible asset to our state's economy and the very fabric of our communities. The sector stands ready to be a productive partner with government and key policymakers and remains committed to raising its voice to support Texas communities.

# ABOUT

## United Ways of Texas:

As the voluntary state association for local United Ways in Texas, United Ways of Texas (UWT) creates lasting change in peoples' lives and in Texas communities by leading and collaborating with a trusted and powerful network of local member United Ways. Together, our network of Texas United Ways is working collaboratively towards a future where all Texans thrive.

[uwtexas.org](http://uwtexas.org)

## Built for Texas:

The Texas nonprofit sector as a whole is often overlooked, in part because it lacks a single voice or advocate to trumpet its successes and learnings. In reality, this largely invisible sector is an incredible asset to Texas' economy and the very fabric of our communities. Built for Texas is a multi-year, multifaceted collaborative effort of United Ways of Texas and OneStar Foundation that will elevate the power and role of the nonprofit sector, its value to local communities and the state.

[txnonprofits.org](http://txnonprofits.org)

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# CONTACT

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