

## What the One Big Beautiful Bill means for charitable giving

On July 4, 2025, the president signed into law a budget reconciliation package known as the One Big Beautiful Bill Act, or “OBBBA.” The legislation has many changes that impact nonprofits and conservation, but the focus of this article is the ways the bill, whose provisions will generally take effect at the beginning of 2026, will shape charitable giving. The legislation might affect not only the land trust community’s fundraising efforts but also ongoing discussions with landowners about conservation easements.

*Disclaimer: The examples listed below are for demonstration purposes only and may not be accurate in or apply to all situations; please consult with your organization’s legal and financial counsel for discussion on potential impacts.*

### The OBBBA introduces three new tax provisions that could significantly influence decisions on charitable giving strategies:

- 1. Above-the-line charitable deduction for non-itemizers.**  
Beginning in the 2026 tax year, non-itemizers (more than 85% of all taxpayers) can deduct cash donations to charity — up to \$1,000 for single filers or \$2,000 for joint filers.
- 2. New limits to deductions for itemizers in the top tax bracket.**  
The new legislation caps the tax benefits of itemized charitable deductions at 35% for those in the 37% marginal tax bracket. This means, for example, a high-income filer donating \$1,000 would reduce their taxes by \$350, which is \$20 less than the current deduction amount (\$370 in 2025).
- 3. New floor on deductions for itemizers and corporations.**  
Itemizers who make charitable contributions will only be able to claim a tax deduction to the extent that their qualified contributions exceed 0.5% of their adjusted gross income, or “AGI.” The bill also made permanent the increased 60% of AGI limitation for cash gifts to public charities.

Similarly, corporations will only be entitled to deduct charitable contributions to qualified charities that exceed 1% of their taxable income.



Tax brackets are now permanent at the following levels:

10%  
12%  
22%  
24%  
32%  
35%  
37%

## Impact on potential conservation easements

OBBBA does not specifically change the deduction value for conservation easement donations. But the act could change the amount of the deduction for certain taxpayers, as the new limits and the new floors for itemizers will apply in 2026 to the amount a taxpayer can take for any deduction, including conservation easements.

Remember that the land trust should not be giving legal or tax advice, and donors should always consult their own tax advisors.

## Impact on an organization's fundraising activities

First and foremost, the new above-the-line deduction in 2026 and in the future gives a tax incentive for donating to charity that millions of Americans didn't have before.

Second, millions of upper-middle-class taxpayers in high-income tax states like California, Connecticut, New York, New Jersey and Illinois who haven't itemized their deductions (and thus haven't received a tax incentive for gifts to charity) will now itemize, as the OBBBA increases the deduction they can take for paying state and local taxes from a maximum of \$10,000 to \$40,000.

Third, the OBBBA's new 35 cents per dollar limit on deductions for top-income donors means that high-income donors can get a significantly higher reduction in their taxes for major gifts in 2025 than they will be able to in 2026 and future years. This also provides an incentive for donors to give major gifts to donor-advised funds in 2025, so that they receive the higher tax benefits while being able to distribute their donations in future years.

The federal estate and gift tax exemption has been increased to \$15 million for the 2026 tax year, with future adjustments for inflation. This means most estates — more than 99% — will not be subject to federal estate taxes, making lifetime charitable giving the primary way to receive a charitable deduction for most taxpayers.

Theoretically, donors should have more money. Seniors, especially, will have more money with the addition of \$6,000 to the standard deduction for this age group. This is expected to give middle-class seniors about \$1,000 more per year. That's good news for nonprofits with older donor bases.



## Key takeaways

- » Ninety percent of Americans do not itemize their deductions, so the above-the-line deduction could motivate more people to donate. And contributions to donor-advised funds are not eligible for this deduction.
- » Make sure your donors know about the new deduction limits.
- » While giving in the \$50 to \$1,000 range may increase, mid-level and high-level giving may decrease because of the 0.5% floor. You might also expect the number of donors who use donor-advised funds to go up. Philanthropy experts recommend promoting the use of donor-advised funds with your donors, at least for 2025.
- » Analysts also advise that major donors may consider giving larger gifts in 2025 than in 2026 to maximize their tax benefit. Talking with your significant contributors about this strategy will help your organization budget for revenue in 2026.
- » The new limits also complicate the tax implications of donating a conservation easement. The tax implications now involve factoring in the new limits and the donor's other charitable contributions.

## A note about corporate partners

Businesses will be allowed to claim a deduction only if donations exceed 1% of their taxable income. Analysts expect this to mean many corporate partners will give less, perhaps as much as \$4 to \$5 billion less per year. Corporations might also be expected to donate larger amounts in a single gift, for example, giving \$100,000 in one year rather than spreading that over two years. However, keep in mind that many smaller businesses are not corporations, but are partnerships or are owned by an individual, and they are taxed at the individual level.

## Conclusion

Overall, the OBBBA is expected to make it more difficult for fundraisers to make up for decreased revenue from local, state and federal governments. It's tough to predict whether the new law will increase or decrease donations to nonprofits. The National Council of Nonprofits estimates the universal charitable deduction may generate some \$74 billion over 10 years. At the same time, the disincentives may reduce giving by \$81 billion in 10 years. Regardless, the final bill is a vast improvement over earlier versions thanks to the collective advocacy of thousands of nonprofits across the country, including that of the Land Trust Alliance and our member organizations.

Considering the implications of the OBBBA for your organization, be aware that the last big tax code change, the Tax Cuts and Jobs Act of 2017, brought about noticeable changes in giving behavior. That law nearly doubled the standard deduction. As a result, U.S. giving declined by about \$20 billion for tax year 2018. Research shows that about 20% of this decrease was due to donors moving the timing of the gifts they had planned to make. The rest of the decline is attributed to the change in tax code.

Please email [policy@lta.org](mailto:policy@lta.org) with any questions about recent changes to tax policy and the ways they might affect your organization.

## Resources

Straus, Tamara. 2025. "What Trump's Tax Bill Means for Nonprofits," *Chronicle of Philanthropy*, July 10, 2025. <https://www.philanthropy.com/newsletter/need-to-know-this-week/2025-07-10>.

Council of Nonprofits. 2025. "Congress Passes Major Tax Package; Nonprofits Directly Impacted." July 3, 2025. <https://www.councilofnonprofits.org/articles/congress-passes-major-tax-package-nonprofits-directly-impacted>.

Fidelity Charitable. n.d. "One Big Beautiful Bill (OBBB): Impact on charitable giving: Key tax considerations for 2025 and beyond." Research & Insights (website). Accessed July 28, 2025. <https://www.fidelitycharitable.org/articles/obbb-tax-reform.html>.

FreeWill. "What the new tax bill means for charitable giving — and what fundraisers should do next" (webinar). July 15, 2025.

Lilly Family School of Philanthropy. "Tax law change caused U.S. charitable giving to drop by about \$20 billion in law's first year, new study shows." News & Media (website). Accessed July 28, 2025. [https://philanthropy.indianapolis.iu.edu/news-events/news/\\_news/2024/tax-law-change-caused-us-charitable-giving-to-drop-by-about-20-billion-new-study-shows.html#:~:text=The%20TCJA%20substantially%20reduced%20the.giving%20among%20households%20that%20switched](https://philanthropy.indianapolis.iu.edu/news-events/news/_news/2024/tax-law-change-caused-us-charitable-giving-to-drop-by-about-20-billion-new-study-shows.html#:~:text=The%20TCJA%20substantially%20reduced%20the.giving%20among%20households%20that%20switched).