



Recent Developments from Capitol Hill, the Courts, and Beyond

Aaron Mercer, ECFA Vice President of Public Affairs

“We want to avoid any criticism of the way we administer this liberal gift. For we are taking pains to do what is right, not only in the eyes of the Lord but also in the eyes of man.”

2 Corinthians 8:20-21



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BoardScore

Church & Nonprofit Board Assessments

Overview of Today's Session

- Congress
- Executive Branch
- The Courts
- Resources

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Congress



The Clergy Act

- Signed into law on October 20, 2026
- Led by Reps. Vince Fong (R-Calif.) and Mike Thompson (D-Calif.) in the House.
- Led by Sens. Katie Britt (R-Ala.) and Maggie Hassan (D-N.H.) in the Senate.



ECFA Celebrates as Clergy Act is Signed into Law

The new law opens a window for pastors to re-enroll in Social Security

WINCHESTER, Va., October 21, 2026—The Evangelical Council for Financial Accountability applauds the President for signing the Clergy Act into law. This bipartisan legislation gives pastors a chance to re-enroll in Social Security if they opted out irrevocably earlier in their careers.

The Clergy Act was led by Reps. Vince Fong (R-Calif.) and Mike Thompson (D-Calif.) in the U.S. House of Representatives and Sens. Katie Britt (R-Ala.) and Maggie Hassan (D-N.H.) in the U.S. Senate.

“I thank the President for signing the Clergy Act into law, and, again, I applaud the bipartisan leadership of Congressman Fong, Congressman Thompson, Senator Britt, and Senator Hassan in successfully advancing this bill in Congress,” said Evangelical Council for Financial Accountability (ECFA) President & CEO Michael Martin.

Martin added, “The temporary window this law opens for ministers to re-enter the Social Security system is a breath of fresh air for many servant leaders who may feel trapped by a decision they did not fully understand as they began their pastoral work.”

The Clergy Act

- Bipartisan legislation that allows a temporary window for pastors to re-enter the Social Security system beginning in 2029.
 - Requires the IRS to tell Congress how it will notify clergy members of their eligibility for this opportunity.
- Many clergy choose early in their ministries to apply for an exemption from the Social Security system.
 - This is generally an irreversible selection.
 - Some pastors come to wish they hadn't made that choice.
 - Learn more about Social Security considerations for pastors in ECFA's eBook: *10 Essentials of Social Security for Ministers*





The One Big Beautiful Bill Act

Nonitemizer Charitable Deduction

- Revived, expanded, permanent.
- \$1,000 for individuals (\$2,000 for married couples filing jointly).
- OBBBA also made the increased TCJA standard deduction permanent.

The One Big Beautiful Bill Act

Nonitemizer Charitable Deduction

- ECFA and coalition partners advocated for this incentive to reinforce habits of giving among all Americans.
- The reach of traditional charitable deduction has declined (less than 10 percent of filers now itemize).
- This new deduction could grow the number of donor households by roughly 8 million, and these new donors could add about \$4.39 billion to annual giving in the U.S.*



The One Big Beautiful Bill Act

Charitable Giving Concerns

- New 0.5% floor for individual taxpayers who itemize their giving.
 - Example: A married couple with a joint AGI of \$100,000 will find their first \$500 in donations is taxable if they itemize.
 - This policy may result in \$2.43 billion less in gifts.*
- Value of itemized deductions generally capped at 35%, potentially affecting givers in the highest tax bracket.
- New 1% floor for corporations before they can claim a charitable deduction
- Overall, OBBBA could cause a net giving decline of \$5.69 billion.*
- Nonprofits may experience this differently depending on donor base and how they adjust to the changes.





Join ECFA on Giving Tuesday, **December 1**, for our annual State of Giving webinar, featuring the latest insights from the 2026 State of Giving Report.

You don't want to miss this opportunity to hear from ECFA leaders Michael Martin, Jake Lapp, and Aaron Mercer as they share timely actionable insights that impact your church or ministry.

[ECFA.org/Events](https://ecfa.org/events)

The Charity Parity Act

- Bipartisan legislation to allow tax-free charitable donations from 401(k), 403(b), and other similar workplace retirement plans.
- Currently, Americans age 70½ and older can make QCDs from IRAs (up to \$111,000 for the 2026 tax year). They may also be able to count them toward their account's RMD. However, employer-sponsored retirement plans are generally not eligible, so donors first need to roll over any potential QCD funds to an IRA.
- Sponsors hope the bill will reduce fees and administrative complexity for donors.



The Safeguarding America's Nonprofits Act

- Bipartisan House legislation to clarify in federal law that tax exemption does not trigger federal financial assistance rules.
 - Related bill is titled the Safeguarding Charity Act
- The U.S. Fourth Circuit Court of Appeals ruled in 2024 that tax exemption does not equate to federal financial assistance, but federal district courts in California and Maryland ruled the opposite in 2022.
- ECFA supports making this matter clear in statute.



Fiscal Sponsorship Transparency Act



- Fiscal sponsorship allows a recognized 501(c)(3) organization to extend gift deductibility benefits to a charitable project partner.
- House Ways & Means Committee approved this bill to require more disclosures of activities, dates, funding amounts, and manager names for supported projects. It also calls for new penalties for improper conduit arrangements.
- The U.S. Treasury Department is targeting fiscal sponsorships in a revision of IRS Form 990.

Integrity in Ministry Abroad

Learn more about best practices for working confidently with partners abroad with ECFA's eBook:

5 Essentials for Integrity in Ministry Abroad.





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"I will give you a new heart and put a new spirit in you; I will remove from you your heart of stone and give you a heart of flesh."

[Ezekiel 36:26 NIV](#)

ALERT NEWS ALERT NEWS A

[Ministry Donor Privacy Case Heads to High Court](#)

First Choice Women's Resource Centers, an ECFA member, is seeking federal relief from a state subpoena that "chills First Choice's associational and speech rights, causing its donors to think twice before supporting the faith-based nonprofit."

[READ MORE](#)

IN THE KNOW

[State of Giving 2025](#)

 ECFA WEBINAR

2025 State of Giving and Financial Outlook

Michael Martin, Jake Lapp, and
Aaron Mercer



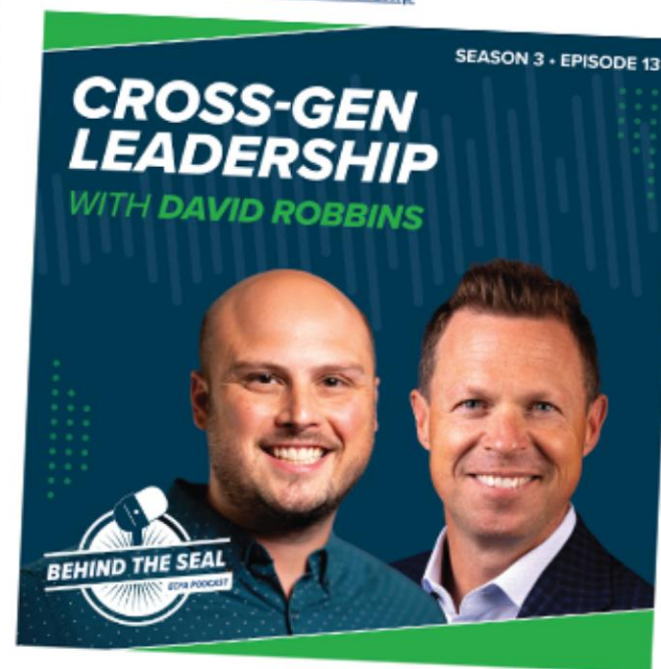
Tuesday, December 2, 2025

highlights three key opportunities shaping generosity in 2025 and beyond.
Discover **current trends in giving**, how ministries are meeting increased demand on programs, and how organizations are embracing challenges to open new doors.

You don't want to miss this opportunity to hear from ECFA leaders **Michael Martin, Jake Lapp, and Aaron Mercer** as they share timely actionable insights that impact your church or ministry.

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Five generations. One mission.

David Robbins, President of Cru, joins us to explore how ministries can lead and love well across generations—with humility, courage, and trust.

From Boomers to Gen Z, this episode will challenge and encourage every leader to build bridges that strengthen the body of Christ.

Executive Branch



Debanking

- Debanking has become a problem for churches and ministries.
-
- A 2025 executive order aimed to combat debanking for political or religious reasons.
- An October 2026 OCC report found evidence that nebulous reputation risk policies and practices at nine major banks disadvantaged certain groups.
- South Carolina, Idaho, Tennessee, and Florida have passed debanking laws, and other states are considering it.

ECFA WEBINAR RECORDING

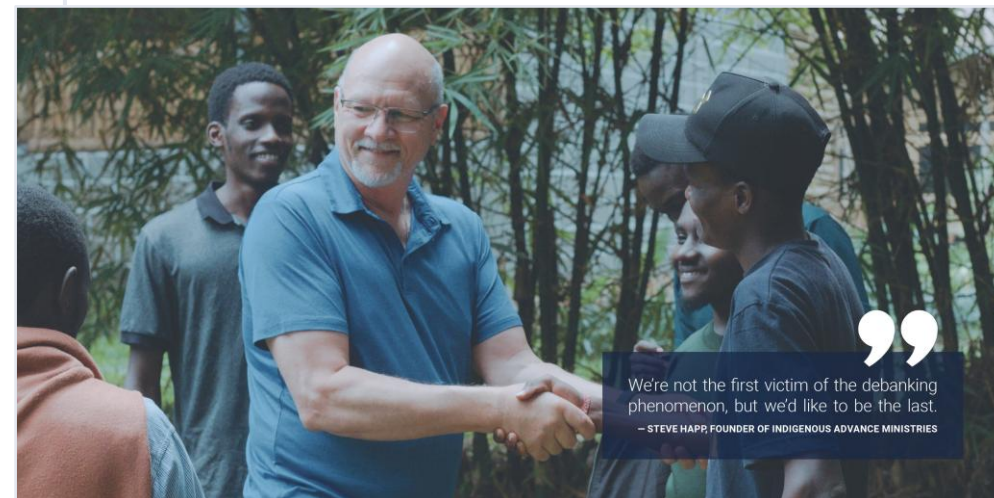
De-Banking: What it is and How to Protect Your Ministry

Speakers: Patrick Piccolo,
Brian Knight, and
Jake Lapp



[ECFA.org/WebinarRecordings](https://ecfa.org/WebinarRecordings)

PROTECTING YOUR MINISTRY FROM DISCRIMINATORY DEBANKING



“
We're not the first victim of the debanking phenomenon, but we'd like to be the last.
— STEVE HAPP, FOUNDER OF INDIGENOUS ADVANCE MINISTRIES

The ADF Church & Ministry Alliance is a membership program that provides religious liberty help to churches and ministries across the nation.



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- NEWS & INSIGHTS**
Receive curated updates and insights to help you navigate complex legal and cultural issues.
- COMMUNITY BUILDING**
Be part of a community of like-minded church and ministry leaders who are standing up for religious freedom and shaping culture by living the truths of the Gospel.
- CONSTITUENT SUPPORT**
Equip your congregation and community with training, job opportunities, and resources designed to address legal challenges and help shape a biblical worldview.

BECOME A MEMBER

From comprehensive legal support to educational resources, the Church & Ministry Alliance exists to ensure you can freely pursue your mission. Scan or visit ADFChurchAlliance.org to join today.



MAINTAINING TRUST SO MINISTRIES CAN TRIUMPH

No matter what triumph looks like for an organization, ECFA is an indispensable leader and partner, helping organizations maintain a healthy and trusted reputation to effectively reach the world for Christ. Hurt and hopelessness cannot win. Let ECFA come beside you. Because together, we triumph.

- As part of your ECFA membership, you will receive:
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- Personalized support, accountability, and coaching as you practice financial integrity, the backing of ECFA's 45 years of built trust in the evangelical church and nonprofit world;
- Cutting-edge resources and news updates to keep you current on financial best practices;
- Built-in visibility through our GiverConnect platform;
- And more!



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Visit www.ecfa.org/Join to apply today.

IRS: Group Tax Exemption



- Group exemption allows organizations that are under the supervision of a central organization to obtain federal tax-exempt status on a group basis, rather than applying individually.
- As of January 20, 2026, the IRS is again accepting group exemption applications.
- The revised policy requires a central organization to have at least five subordinates to apply and defines how groups can demonstrate affiliation and supervision, including matching 501(c), unified purpose, and accounting rules.
- A central organization can have no more than one group letter.
- Transition period until January 22, 2027.

IRS: Business Tax Account

- On April 6, the IRS announced that tax-exempt organizations now have access to its Business Tax Account program, an online self-service platform.
- *Digital access will reduce the burden on these taxpayers because they no longer will be limited to paper and phone interactions to perform simple tasks with the IRS.* - IRS CEO Frank Bisignano
- Designated officials (an organization officer or board chair) and users can:
 - View tax balances, make payments, and see payment history
 - Download select digital notices
 - View eligible transcripts, such as payroll and income
 - Request a tax compliance check
 - See the business name and address on file with the IRS
- [IRS.gov/BusinessAccount](https://www.irs.gov/BusinessAccount)



IRS: Mileage Rate

- The IRS announced a mid-year increase in standard mileage rates. The allowable rate for business vehicle use after July 1, 2026, is now 76 cents per mile.
- The agency cited increased fuel prices as the catalyst for this change, which is a 3.5-cent increase from the mileage rate set in January.
- The standard rate volunteers may deduct for serving charitable organizations remains 14 cents per mile. The charitable rate has been fixed in statute for nearly three decades.
- Legislation, such as the bipartisan Volunteer Driver Tax Appreciation Act led by Rep. Pete Stauber (R-Minn.) and Sen. Amy Klobuchar (D-Minn.), would largely align the charitable and business mileage rates.



IRS: Rulemakings to Watch

Tax Exempt Status

- Would deny a private school 501(c)(3) status if it “discriminates on the basis of race, color, or national or ethnic origin.”
- The proposal’s preamble suggests it “would not preclude a private school from maintaining a religious mission, curriculum, or program of observance, or from selecting students on the basis of religious affiliation or membership.”
- Public comment period ends November 3, 2026.

Form 990

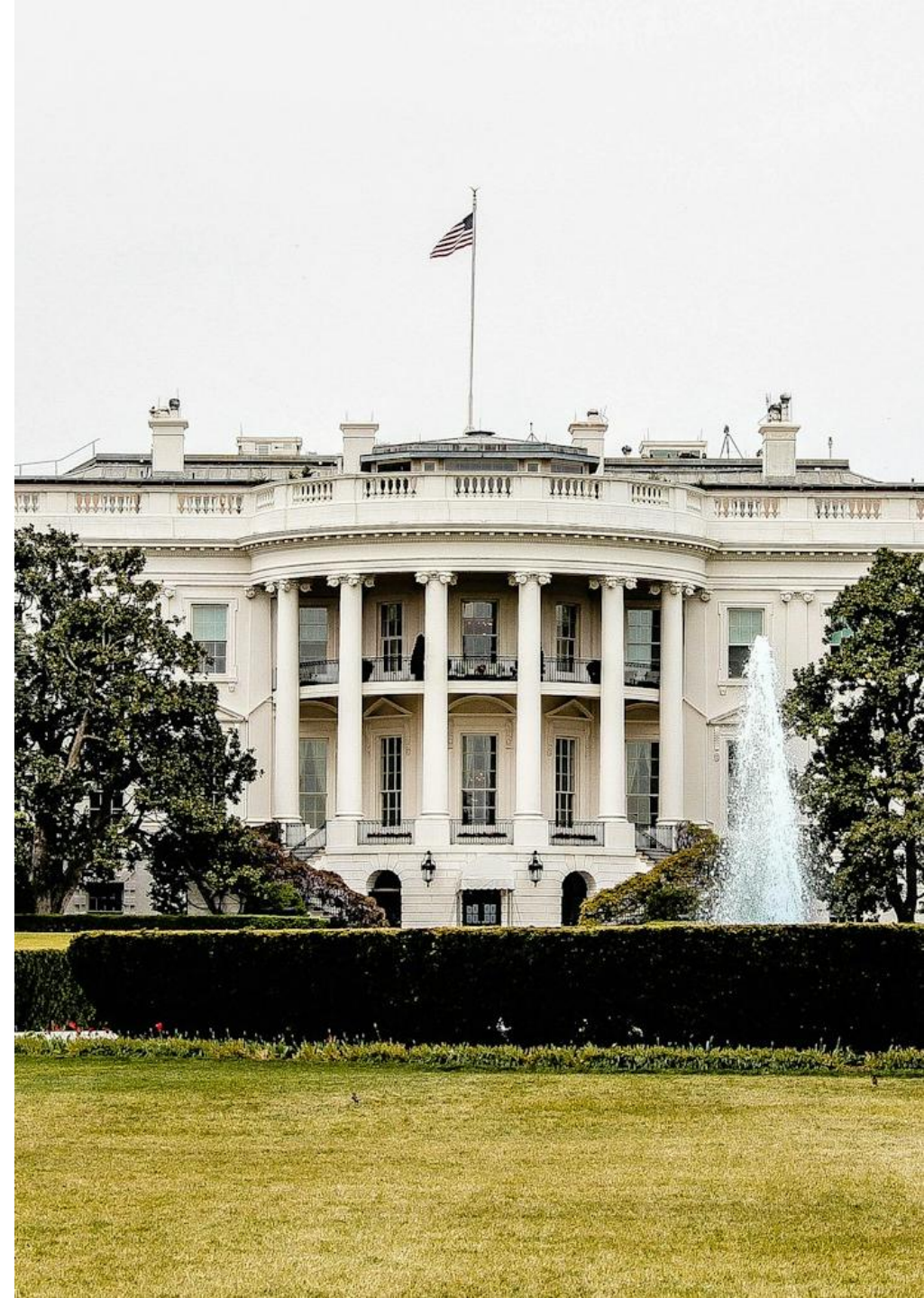
- Draft not yet released, but suggested targets for “clearer reporting” include fiscal sponsorships, as well as government contracts and grants.

Donor Advised Funds

- Pending rule aims to clarify what constitutes a DAF and what counts as a tax-exempt distribution from one.

U.S. Labor Department: Employee Classification

- DOL intends to roll back a Biden administration rule on classifying independent contractors.
- Planned return to a framework that relies primarily on the level of control an employer has over a worker and the worker's opportunity for profit and loss.
- Learn more in ECFA's **"HR Hot Topics: 2026 Edition"** webinar.



USPS: Postmark

- On Christmas Eve, the U.S. Postal Service (USPS) implemented a new rule intended to clarify what a postmark is and what information it conveys.
- Of particular interest to givers, tax filers, voters, and more, USPS emphasized that “the postmark date does not necessarily indicate the first day that the Postal Service had possession of the mailpiece.”
- USPS says situations in which a mailing’s postmark date differs from when it originally arrived in a postal receptacle “will become more common” as it works to streamline and optimize its overall operations.
- The agency suggests postal customers who want to ensure a postmark’s date can obtain a manually applied one at the retail counter of a local post office. They could also purchase a Certificate of Mailing or send their pieces by Registered or Certified Mail.
- Donors wishing to assure the application of a gift to a specific tax year should be mindful of the USPS guidance.

Resources Available



[ECFA.org/TaxGuides](https://ecfa.org/TaxGuides)



Questions?

The Courts



U.S. Supreme Court: 2026 Highlight

First Choice Women's Resource Centers v. Davenport

- The U.S. Supreme Court unanimously ruled for a Christian pregnancy center attempting to resist a state demand for its donor records.
- Citing past rulings upholding freedom of association rights, including the NAACP's landmark victory over Alabama in 1958 and the more recent 2021 Americans for Prosperity Foundation case against the donor disclosure demands of California, the court said "the question before us all but answers itself."
- "First Choice has established that the Attorney General's demand for private donor information injures the group's First Amendment associational rights."
- A number of organizations sided with First Choice in this case, including some not always ideologically aligned with pro-life ministries (the ACLU, for example).



U.S. Supreme Court: Coming Soon

St. Mary Catholic Parish v. Roy

- Regarding Colorado's exclusion of a Catholic school from its universal preschool program due to its religious beliefs on sexual orientation and gender identity.
- ECFA submitted a brief that notes this “means the state has effectively barred many religious schools from participating in the program just because of their expressive associational activity.”

Grand v. City of University Heights

- First Amendment chilling effect case related to Ohio city's “cease and desist” order against an Orthodox Jewish man's prayer meeting.

Missionaries of Saint John the Baptist, Inc. v. Frederic

- A Kentucky case about whether a land-use regulation that prohibits a religious institution from building a religious structure on its own property constitutes a “substantial burden” on religious exercise (RLIUPA).



More Cases of Interest

Religious Hiring Rights

Union Gospel Mission of Yakima v. Brown

- The mission took legal action against a Washington state law that could harm it with significant penalties and liability for hiring only those who share its religious beliefs, including beliefs on biblical marriage and sexuality.
- The U.S. Ninth Circuit ruled in January that the church autonomy doctrine allows religious organizations to limit hiring of non-ministerial employees to those who share their religious beliefs.
- However, the full court vacated that ruling in June. The full court reheard the case in September.



More Cases of Interest

Tax Exempt Status & Political Speech

NRB v. IRS

- The Johnson Amendment prohibits 501(c)(3) organizations from engaging in partisan political campaign activity.
- The IRS and the plaintiffs jointly suggested that houses of worship do not violate this prohibition when discussing electoral politics through their usual religious service communications channels, which they likened to “a family discussion concerning candidates.”
- After a federal judge dismissed this case in March based on jurisdiction (not free speech merits), the Treasury Department said it will develop “clear, administrable standards” about how the law applies to churches.
- NRB has appealed the case to the U.S. Fifth Circuit.



Resources



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More Resources to Get Started with Leader Care



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**How to Identify
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**How to Pray for
Your Leader**



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