



FEATURE  
STORY

*The Looming  
Threat to  
Associations of*

# TAX REFORM

Now more than ever, it's  
critical for you to add your  
voice to defend associations

Associations and policy advocates of all stripes are gearing up for a major Washington tax battle in 2025. Unfortunately, at the same time, associations are facing one of the most significant challenges in our sector's history: the potential imposition of increased taxation.

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As association professionals and industry partners, we know how our community drives the economy and contributes to society. We need your help in sharing this message with elected officials. If Congress doesn't understand our community, they can't stand up for us.

## THE STORM BREWING

The upcoming Congress will be a time of major tax legislation. The expiration of many provisions in the historic 2017 Tax Cuts and Jobs Act (TCJA) at the end of 2025 will serve as a forcing mechanism to ensure Congress must act or face a monumental "tax cliff." There is a massive cost associated with extending these tax cuts, so Congress could look at new tax increases to foot the bill. Regardless of election results, the growing budget deficit will create increased pressure to generate additional revenue.

## THE THREAT

This search for revenue is combined with a new element—the threat of across-the-board taxes on associations and other nonprofits. In the past, the expansion of taxes on associations' unrelated business income (UBI) was the major concern. This includes activities like royalties and sponsorship. Now, two respected D.C. think tanks have proposed a radical idea: taxing the association community at the corporate rate. This is an unprecedented threat to the way the tax code views the nonprofit community.

The major proposal would tax the net of all non-donation revenue streams of tax-exempt organizations, including membership dues, sponsorships, investment income and educational program revenue. This shows a fundamental lack of understanding of the association community, the good that we do in society and the constraints we operate under to maintain our tax-exempt status.

## THE ECONOMIC & SOCIAL IMPACT OF ASSOCIATIONS

Congress first exempted associations from most taxes largely in recognition of their public benefits. The Internal Revenue Service (IRS) broadly defines associations as "a group of people banded together for a specific purpose." Associations earn their tax-exempt status because they exist to serve the public

good rather than to benefit private individuals or generate profit. This tax-exempt status allows associations to focus on their unique and important missions without the constraint of profit maximization, ensuring that they can continue to serve their members and broader communities effectively.

Our charge is to share this message with Congress: Any change to the tax-exempt status of nonprofit associations could disrupt the critical work of these organizations, diverting valuable resources away from mission-focused activities and forcing associations to reduce services that benefit the industries, professions and communities they serve.

In the coming months, the American Society of Association Executives (ASAE) will ask for your help in telling the story of associations. When we can share with a member of Congress the specific work associations do in their district, it makes all the difference. For example, a medical association providing free clinics to veterans, an engineering association providing response after a natural disaster or an education association ensuring kids and families in need have access to food and school supplies would have to reduce or, in some cases, eliminate additional community benefits if faced with increased taxation. There are thousands of examples of associations going above and beyond their everyday missions to positively impact society. We need to share the message that impeding the ability of associations to continue this work with new taxes would have a cascading negative effect on associations and the millions of members who rely on them.

## GET INVOLVED

[PowerOfAssociations.org](https://PowerOfAssociations.org)

- Join ASAE's Fly In, March 25-26: Educating lawmakers on the specific impacts of associations in their state and districts is crucial to building support for our tax-exempt status.
- ASAE Coalition: Read more on how to join.
- Join ASAE's Tax Reform Action List

ASAE will share more information about the coalition and how you can get involved in this critical effort soon. The message to Congress is clear: Increased taxation will diminish the benefits we can provide to our communities. Together, we can show Congress the Power of Associations.

*This article originally appeared on ASAE's Center for Association Leadership website.*