Charitable Mileage Relief

Many charitable nonprofits rely on volunteers to deliver vital services in their communities. Yet, the number of people volunteering has not returned to pre-pandemic levels at many organizations. Volunteers point to high gas prices and poor tax incentives as main reasons they have stopped donating their needed time and talent to helping others. The impact is felt most acutely in rural communities and transit deserts where drive times to provide services are longer.

Congress can promote volunteerism and service in communities by raising the charitable mileage rate and correcting tax treatment of reimbursements.

The Challenge

The rate of individuals who volunteer their time has been declining since 2013 with a decrease from 65% in 2013 to 56% in 2021.1

Congress established a volunteer, or charitable, mileage rate of 14 cents per mile in 1997 when the average cost of gasoline was $1.23. In just the past three years, the price of a gallon of gas has risen dramatically – up from $2.41 on Mar. 1, 2020, to $3.56 on June 8, 2023.2

Meanwhile, volunteers who perform work on behalf of nonprofits are restricted to deducting only 14 cents per mile if they claim itemized deductions on their income tax returns. Also, federal and some state laws require volunteer drivers to pay income taxes on expense reimbursements from nonprofits that exceed the charitable mileage rate. This means that if nonprofits – to attract and keep volunteer drivers – offer to reimburse them for mileage at the standard business rate (currently 65.5 cents/mile), drivers can be taxed on the 51.5 cents/mile above the 14 cents/mile they could otherwise deduct.

Legislative Solution

Volunteer Driver Tax Appreciation Act of 2022

(H.R. 3032)

- Increases the Charitable Mileage Rate for nonprofit volunteer drivers delivering people or products on behalf of nonprofits to the standard business rate, currently set at $65.5/mile.
- Eliminates taxation of mileage reimbursements up to the business rate.

The Ask

Will you cosponsor the Volunteer Driver Tax Appreciation Act of 2022 (H.R. 7432) and urge leaders to include it in legislation moving through Congress?

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1 U.S. Charitable Donations Rebound; Volunteering Still Down, Jeffrey M. Jones, Gallup, Jan. 11, 2022.