

March 28, 2019

The Honorable Richard Neal, Chairman
U.S. House Committee on Ways & Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Chuck Grassley, Chairman
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Kevin Brady, Ranking Member
U.S. House Committee on Ways & Means
1139 Longworth House Office Building
Washington, D.C. 20515

The Honorable Ron Wyden, Ranking Member
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Unrelated Business Income Tax on Qualified Transportation Fringe Benefits in Section 512(a)(7)

Dear Chairmen Neal and Grassley, and Ranking Members Brady and Wyden:

Tax-exempt organizations have limited resources to devote to their missions and need your immediate leadership to provide relief from a significant new tax burden created by the 2017 Tax Cuts and Jobs Act (TCJA). Without your swift action, these tax-exempt entities upon which Americans rely will be forced to divert their time and resources away from their missions to calculate and then pay the new 21-percent unrelated business income tax (UBIT) the TCJA imposed on qualified transportation and parking benefits that tax-exempt groups provide to their employees. Not only do these organizations now have to pay a hefty tax on these benefits, but they must put a value on the benefit offerings as well, which can be difficult when there is no clearly defined valuation method. Although the IRS issued some interim guidance in late 2018, it is incomplete and raises more questions for tax-exempt organizations that struggle to comply.

Administratively, the new tax is excessively burdensome. This new requirement forces many tax-exempt employers, including churches and other places of worship, to file federal Form 990-T for the first time, irrespective of their engagement in unrelated business activity. Many organizations have already misfiled Form 990-T or missed filing deadlines altogether. A study commissioned by Independent Sector reveals that 156 organizations reporting UBIT for the first time will incur an estimated \$200,000 in administrative expenses.¹ Those nonprofits responding to the survey also estimated that they will see an average of nearly \$12,000 diverted from their mission in order to meet this increased tax and administrative burden. Many large organizations will be forced to divert even larger sums from their missions to pay the new tax while smaller nonprofits are likely to pay more in accounting and legal fees spent trying to interpret and comply with the law than they actually pay in taxes.

To be clear, subjecting the tax-exempt sector to UBIT on transportation and parking benefits has and will continue to divert funds otherwise designated for valuable mission-related services. Additionally, many localities require tax-exempts of a certain size to provide transportation

¹ How the TCJA's New UBIT Provisions Will Affect Nonprofits: A Tax on Transportation Fringe Benefits and Separate Reporting of Unrelated Business Income Streams, Urban Institute, January 2019. Available at <https://independentsector.org/resource/research-on-ubit-provisions-in-2017-tax-cuts-and-jobs-act/>

fringe benefits to employees, meaning many organizations are subject to the tax simply for complying to local mandates. Moreover, several states couple their state laws to federal law, thus exposing churches and charities to additional tax liability. As noted above, time is of the essence, because tax-exempt organizations must compute and make tax payments on or before April 15.

For these reasons, **the undersigned organizations urge you to take action immediately to fully repeal this undue and burdensome UBIT on tax-exempts.** Thank you for your attention to this critical matter. We look forward to working with you to support the productive, dynamic and mission-driven tax-exempt sector. If you have questions, please contact Mary Kate Cunningham, CAE, Vice President of Public Policy for the American Society for Association Executives (mcunningham@asaecenter.org).

CC:

The Honorable Nancy Pelosi, Speaker
U.S. House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin McCarthy, Leader
U.S. House of Representatives
2468 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Mitch McConnell, Leader
U.S. Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Chuck Schumer, Leader
U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20515

Signers

Alabama

- Alabama Council of Association Executives

Alaska

- The Foraker Group

Arizona

- Alliance of Arizona Nonprofits
- Caritas Law Group, PC
- EMPACT - Suicide Prevention Center

- Make Way for Books
- Southwest Cable Communications Association
- The Extra Credit Show

Arkansas

- Partners Against Trafficking Humans

California

- A Better Way
- Association Management Services, Inc.
- California Association of Nonprofits
- CalSAE
- Diving Equipment and Marketing Association
- Family Service Agency of the Central Coast
- Firelight Foundation
- House Ear Institute
- Jewish Family Service of Los Angeles
- Project Apis m.
- Raizes Collective

Colorado

- Black Ops Rescue
- Caring for Colorado Foundation
- Children's Hospital Colorado Foundation
- Children's Museum of Denver at Marsico Campus
- Colo Society of Association Executives
- Colorado Association of Funders
- Colorado Association of Local Public Health Officials
- Colorado Nonprofit Association
- Cottonwood Institute
- Family Tree, Inc.
- Gateway Prayer Garden
- Kavod Senior Life
- Lincoln Hills Cares
- Liver Health Connection
- River Deep Foundation
- Safehouse Progressive Alliance for Nonviolence
- Severe Weather Shelter Network
- The Adoption Exchange, Inc.
- Weld Food Bank

Connecticut

- Easterseals of Oak Hill
- CT Community Nonprofit Alliance

- Mental Health Connecticut
- MHC Homes
- The Prentice Foundation
- YWCA Hartford Region

District of Columbia

- Airports Council International - North America
- American Association of Orthopaedic Surgeons
- American Farm Bureau Federation
- American Network of Community Options & Resources (ANCOR)
- American Society of Association Executives
- Assn of Direct Response Fundraising Counsel
- Association of Christian Schools International
- Building Owners and Managers Association International
- Consumer Healthcare Products Association
- Council for Christian Colleges and Universities
- Council on Foundations
- Dance/USA
- Easterseals DC MD VA
- Entertainment Software Association (ESA)
- Eye Bank Association of America
- Faith & Giving Coalition
- Independent Sector
- Linguistic Society of America
- National Association of College and University Business Officers
- National Council of Nonprofits
- National Disability Rights Network
- Rape, Abuse & Incest National Network
- Senior Executives Association (SEA)
- The Nonprofit Alliance
- United Philanthropy Forum
- United States Catholic Mission Association

Delaware

- Delaware Alliance for Nonprofit Advancement
- Easterseals Delaware & Maryland's Eastern Shore

Florida

- Aaron Keith Robinson Foundation, Inc
- Florida Nonprofit Alliance
- Light of the World Charities

Georgia

- Georgia Center for Nonprofits

- Georgia Society of Association Executives
- The Georgia Center for Nonprofits
- Habitat for Humanity International

Hawaii

- Aloha United Way
- Hawai'i Alliance of Nonprofit Organizations
- Read To Me International Foundation

Idaho

- Aid For Friends, Inc.
- Boise Philharmonic Association
- Concepts in Writing, Inc
- Framing Our Community, Inc.
- Hospice of Eastern Idaho, Inc
- Idaho Nonprofit Center
- Idaho Towing Association
- Jannus, Inc.

Illinois

- American Veterinary Medical Association
- Association Forum
- CCIM Institute
- Central States SER Jobs for Progress
- Easterseals
- Forefront (Illinois)
- Friends of the Forest Preserves
- Illinois Collaboration on Youth
- Institute of Food Technologists
- Institute of Real Estate Management
- NAMA
- National Council of Teachers of English (NCTE)
- Palatine Township Senior Citizens Council
- SERCO
- Society of Actuaries
- Springfield Area Arts Council
- YMCA of the USA

Indiana

- Alpha Kappa Psi
- Alpha Kappa Psi Educational Foundation
- Alpha Kappa Psi Fraternity, Inc
- American Alliance of Orthopaedic Executives
- Indiana Philanthropy Alliance

- Indiana Society of Association Executives
- Sojourner Truth House

Iowa

- Black Hawk County Gaming Association
- Iowa Council of Foundations
- Siouxland Community Foundation

Kentucky

- Cedar Lake Lodge, Cedar Lake Residences
- Family & Children's Place
- Kentucky Nonprofit Network
- Kentucky Society of Association Executives
- KY Society of Association Executives

Louisiana

- Alumni Arts Presents
- Baton Rouge Green
- Bossier Arts Council
- CASA New Orleans
- Court 13 Arts
- Crescent City Lights Youth Theater
- Focus Clubhouse Inc
- Giving Tree Counseling Services
- Goodwill Industries of North Louisiana
- Juniper Table
- Louisiana Association of Nonprofit Organizations
- Louisiana Partnership for Children and Families
- Louisiana Public Health Institute
- Louvis Services
- R.E.J.O.I.C.E., Inc.
- St. Luke's Episcopal Mobile Medical
- SWANS, Inc.
- Trinity Community Center
- WriteEdu Tutoring Service
- Youth With A Mission Vision

Maryland

- American Association on Intellectual and Developmental Disabilities
- American Society of Addiction Medicine
- Entomological Society of America
- Goodwill Industries International, Inc.
- Maryland Nonprofits
- ONJO FSC CORP

- Renal Physicians Association
- Senior Dog Sanctuary of Maryland Inc
- Shepherds Of Zion Ministries International Church
- Side by Side, Inc.
- The Haney Company

Massachusetts

- Amherst Survival Center
- Ascentria Care Alliance
- Association for Commuter Transportation
- Bay Cove Human Services
- Bay Cove Human Services, Inc.
- Boys & Girls Clubs of Boston
- Bristol Elder Services, Inc.
- Center for Living & Working, Inc.
- CENTRO, Inc
- Community Action Program Legal Services, Inc. (CAPLAW)
- Community Resources for Justice
- Delta Projects
- Disability Resource Center, Inc.
- Easter Seals Massachusetts
- GLSEN
- Horace Mann Educational Associates
- JRI
- Kennedy Donovan Center
- Massachusetts Council of Human Services Providers, Inc.
- Massachusetts Nonprofit Network
- Morgan Memorial Goodwill Industries
- NonProfit Data Management, LLC
- North Charles Mental Health, Inc.
- North Suffolk Mental Health Association, Inc.
- Pathlight, Inc.
- Pine Street Inn
- Providers' Council
- Seven Hills Foundation
- Tapestry Health Systems
- The May Institute, Inc.
- The United Arc, Inc.
- Venture Community Services

Michigan

- Amyloidosis Foundation
- Ann Arbor Hands-On Museum
- Artrain, Inc

- Catholic Youth Organization for the Archdiocese of Detroit
- Creative Many Michigan
- Helping Women Period
- HOPE Hospitality and Warming Center, Inc.
- Independent Consultant
- Jail and Outreach Ministry
- Methodist Federation for Social Action
- Michigan College Access Network
- Michigan Migrant Legal Assistance Project, Inc.
- Michigan Nonprofit Association
- Starr Commonwealth
- TechTown
- The Arts Alliance, Inc.
- The Center For Urban Youth & Family Development
- The Henry Ford

Minnesota

- Associations North
- LeadingAge Minnesota
- Minnesota Council of Nonprofits
- Minnesota Council on Foundations
- St. John's University
- University of St. Thomas

Mississippi

- Mississippi Center for Nonprofits

Missouri

- Cornerstones of Care
- National Council of the United States Society of St. Vincent de Paul, Inc.
- Nonprofit Connect
- Painting Contractors Association

Montana

- Bitter Root Cultural Heritage Trust
- Florence Crittenton Home and Services
- Missoula Hell Gate Elks Lodge #383
- Montana Nonprofit Association
- The Montana Racial Equity Project
- United Way of Missoula County
- Women's Opportunity & Resource Development, Inc (WORD)

Nebraska

- Concordia University Nebraska

- Nonprofit Association of the Midlands

Nevada

- New Hope Foundation International

New Hampshire

- AIDS Response Seacoast
- Castle Preservation Society
- Center for New Beginnings
- City of Lebanon
- Easterseals New Hampshire
- Eli and Bessie Cohen Camps
- Episcopal Church of New Hampshire
- Full Circle Consulting
- Hypertherm, inc
- Jeanine & Company
- Journey Song
- Nashua Adult Learning Center, Inc
- New Hampshire Association for the Blind dba\Future In Sight
- New Hampshire Community LoanFund
- NH Center for Nonprofits
- Portsmouth Music and Arts Center (PMAC)
- Riverbend Community Mental Health, Inc.
- Seacoast Science Center
- Sullivan County Transportation
- The Freedom Café
- The Music Hall in Portsmouth
- The Water Project, Inc.
- Transport NH
- Upper Valley Transportation Management Association
- Waypoint
- White Birch Center
- YWCA New Hampshire

New Jersey

- 4CS of Passaic County
- Bergen Volunteer Medical Initiative
- Catholic Charities, Diocese of Trenton
- Center for Non-Profits
- Children's Aid and Family Services, Inc.
- Collaborative Support Program of New Jersey, Inc.
- Community Enterprises Corporation
- Displaced Homemakers Network of NJ, Inc.
- Easterseals New Jersey

- Edison Greenways Group, Inc.
- Fabian Consulting, Inc.
- Family Connections, Inc.
- Family Promise of Morris County
- Holiday Express, Inc
- HomeFront
- Homes by TLC
- LADACIN Network
- Lake Hopatcong Foundation
- MIA2HOPE International Ministry
- Neral & Company, PA
- New Jersey Association of Mental Health and Addiction Agencies, Inc.
- New Jersey Association on Correction
- New Jersey Future
- NewBridge Services, Inc.
- Palestinian American Community Center
- Partners for Women and Justice
- Perkins Center for the ARTs
- Princeton AlumniCorps
- Princeton Project 55
- Sojihuggles Children's Foundation
- Studio Montclair Inc.
- The Atlantic Foundation
- the connection for women & families
- VolunteerConnect
- Wiss & Company, LLP
- Youth Advocate Program

New Mexico

- Albuquerque Community Foundation
- Community Against Violence (CAV)
- New Mexico Thrives

New York

- 4heads Inc.
- Action for Older Persons, Inc.
- Alliance of New York Family Councils
- Asian American Arts Alliance
- Better Neighborhoods, Inc.
- Cabrini of Westchester
- CAPTAIN Community Human Services
- Charles Settlement House
- Chicken & Egg Pictures
- Congregation Beit Simchat Torah

- CURE Childhood Cancer Association
- Da Capo Chamber Players, Inc.
- Dancewave
- Empire State Society of Association Executives, Inc.
- Family Service Society of Yonkers
- Film Forum, Inc.
- Foundation for The Open Eye, Inc.
- Girl Be Heard
- GLAAD INC
- Health Center Network of New York dba HealthEfficient
- Heights and Hills, Inc.
- Hemophilia Association of New York
- Hester Street Collaborative, Inc.
- Hoyt Foundation
- Hudson River Heritage, Inc.
- Hudson Valley Current
- Lifespan of Greater Rochester
- Lifetime Assistance, Inc.
- M-CM Network
- MDMHS
- Mohawk Valley Community Action Agency, Inc.
- Mohawk Valley Library System
- New York Council of Nonprofits, Inc. (NYCON)
- Nonprofit Coordinating Committee of New York
- Nubian Conservatory of Music
- NY Funders Alliance
- OPERA America
- Opportunities for Otsego, Inc.
- Orthodox Union
- PAMAR Pan American Musical Art Research Inc.
- Planned Parenthood of Central and Western NY
- Rensselaer County Historical Society
- RIMS - The Risk Management Society
- Rural Health Network of SCNY
- Savvy Ladies
- Schoharie River Center, Inc.
- St. Ann's Corner of Harm Reduction, Inc.
- St. Joseph's Neighborhood Center
- The Community Place of Greater Rochester
- The New York Academy of Medicine
- The Richards Library
- The Strong National Museum of Play
- Theatre Communications Group
- Tioga County Rural Ministry, Inc.

- Voices of Ascension Chorus & Orchestra
- Volunteer Legal Services Project of Monroe County
- Westchester Jewish Community Services
- Women's eNews

North Carolina

- Arts North Carolina
- Artspace
- Champion Fund (Phyllis and Mark Leppert Foundation for Fertility Research)
- Children's Law Center of Central North Carolina
- Easterseals UCP North Carolina & Virginia
- Hubzone Technology Initiative
- Larry King's Clubhouse: Children's Play & Care Center
- North Carolina Center for Nonprofits
- North Carolina Theatre Conference
- RAIN
- Saint John Neumann Catholic Church
- Scotland Community Health Clin
- St. Francis of Assisi Catholic Church - Mocksville
- Tryon Riding & Hunt Club
- YMCA of Western North Carolina

North Dakota

- African Arts Arena (AAA)
- Beyond Shelter, Inc.
- Bismarck Cancer Center
- Central ND Cancer Registry
- North Dakota Association of Nonprofit Organizations (NDANO)
- PATH North Dakota, Inc.
- The Bee and Butterfly Habitat Fund

Ohio

- Akron Center for Recovery, Inc.
- Esperanza Inc
- Heating, Air-conditioning, & Refrigeration Distributors International
- Licking County Foundation
- New Community Bible Fellowship
- Ohio Association of Nonprofit Organizations
- Ohio Society of Association Executives

Oklahoma

- Oklahoma Center for Nonprofits

Oregon

- Nonprofit Association of Oregon
- Oregon Society of Association Management
- Portland Youth Philharmonic

Pennsylvania

- Alleghenies Unlimited Care Providers
- Bell Socialization Services, Inc.
- Center for Advocacy for the Rights and Interests of the Elderly (CARIE)
- Centre Safe
- Easterseals Eastern PA
- Ohev Shalom Synagogue
- Pennsylvania Association of Nonprofit Organizations
- PHMC
- Pressley Ridge
- Society of Cable Telecommunications Engineers
- Spigel Consulting
- SPIN, Inc.
- Women for Sobriety, Inc.
- Women's Resource Center
- Youth ADVOCATE Programs

Rhode Island

- RICARES: Rhode Island Communities for Addiction Recovery Efforts
- Seven Hills Rhode Island

South Carolina

- South Carolina Society of Association Executives
- Together SC

Tennessee

- College and University Professional Association for Human Resources
- Community Foundation of Cleveland and Bradley County
- Family & Children's Service
- Momentum Nonprofit Partners

Texas

- ACH Child and Family Services
- American Heart Association
- American Payroll Association
- Philanthropy Southwest
- Restaurant Facility Management Association
- Texas Council of Administrators of Special Education
- Texas Society of Association Executives

Utah

- Avian Sanctuary And Protection
- Canyonlands Field Institute
- Eagala
- Hero's Journey Content
- IJ & Jeanne Wagner Jewish Community Center
- Latino Behavioral Health Services
- Mentors International
- Mundi Project
- R. Steven Chambers PLLC
- Salt Lake American
- Senior Charity Care Foundation
- The Family History Guide Association
- The Learning Center for Families DBA Root for Kids
- Utah Clean Energy
- Utah Friends of Basset Hounds
- Utah Nonprofits Association
- YCC Family Crisis Center

Vermont

- Common Good Vermont
- Vital Communities

Virginia

- After School Association of America
- American Alliance of Museums
- American Composites Manufacturers Association
- American Council of Engineering Companies of VA (ACEC/VA)
- ANA Nonprofit Federation
- Association of Child Life Professionals
- Clean Fairfax
- Eisenman & Associates, Inc
- Evangelical Council for Financial Accountability
- GMEC SWVA
- Hampton Roads Ecumenical Lodgings & Provisions, In
- Hearth, Patio & Barbecue Association (HPBA)
- Home School Legal Defense Association
- Keeney Group, Inc.
- Meals on Wheels America
- Northern Virginia Chamber of Commerce
- Society of American Florists
- Virginia Forestry Association
- Virginia Recreation and Park Society

- Virginia Rural Health Association
- Virginia Sheriffs' Association, Inc.
- Virginia Society of Association Executives

Washington

- Days for Girls International
- Stage West Community Theatre
- The Mockingbird Society
- Washington Nonprofits

West Virginia

- ArtsLink, Inc.
- Huntington Museum of Art
- Literacy Volunteers of Monongalia and Preston Counties
- Mountain Hospice Inc.
- MountainHeart Community Services, Inc
- West Virginia Nonprofit Association

Wisconsin

- Alliance for Strong Families and Communities

Wyoming

- Wyoming Nonprofit Network