



June 19, 2019

The Honorable Richard Neal, Chairman  
Committee on Ways and Means  
1101 Longworth House Office Building  
Washington, DC 20515

Re: **Repealing Code Section 512(a)(7)  
Unrelated Business Income Tax on Nonprofit Transportation Benefits**

Dear Chairman Neal,

We write to express our appreciation to you for including repeal of Section 512(a)(7) in H.R. 3300, the Economic Mobility Act of 2019. It became clear early last year that the provision imposed unnecessary burdens on tax-exempt organizations, including charitable nonprofits, houses of worship, universities, and trade associations. Since then, Representatives and Senators, on a bipartisan basis, have called for its repeal.

Each of us was scheduled to testify before the Oversight Subcommittee today, Wednesday, June 19, about the adverse consequences of this new tax on the work of nonprofits. In what would have been a remarkable event, Representatives from both parties and all of the invited witnesses were prepared to explain the urgent need for repealing this tax. To demonstrate the breadth and depth of concerns about this tax on tax-exempt organizations, here are the written testimony each of us submitted before that hearing was cancelled:

- [Written Testimony of John Graham](#), President and CEO, American Society of Association Executives
- [Written Testimony of Christopher L. Augostini](#), Executive Vice President for Business and Administration, Emory University
- [Written Testimony of Andrea Barton Reeves](#), President and CEO, Harc, Inc.
- [Written Testimony of David L. Thompson](#), Vice President of Public Policy, National Council of Nonprofits
- [Written Testimony of Nathan J. Diament](#), Executive Director of Public Policy, Union of Orthodox Jewish Congregations of America

We also share this [letter from April, signed by more than 600 organizations](#) from all 50 states, calling for the immediate repeal of this tax. As predicted in that letter and elsewhere, many organizations ultimately spent more to calculate their liabilities under the law – through staff time and professional fees – than they paid in unrelated business income taxes due to Section 512(a)(7). This past May 15, Nonprofit Tax Day for nonprofits operating on a calendar basis, tens of millions of dollars became due for charitable, religious, and nonprofit organizations. For churches, synagogues, and mosques, this tax filing may have been their very first communication with the IRS, because houses of worship

are not required to seek agency recognition or file annual informational tax returns. Those dollars were diverted from missions of serving individuals and communities throughout the United States.

We thank you for taking action to repeal the tax on nonprofit transportation benefits. We stand ready to assist you and all of your colleagues in promoting tax and other policies that enable tax-exempt organizations to better serve your constituents and the public good.

Sincerely,

***John Graham   Chris Augostini   Andrea Barton Reeves   David L. Thompson   Nathan J. Diament***

cc: Members of the House Ways and Means Committee