

June 19, 2019

The Honorable Richard Neal
Chairman
Ways and Means Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Neal:

I am writing on behalf of the Council on Foundations to voice our support for title IV, section 401, of H.R. 3300 The Economic Mobility Act of 2019, which would repeal Section 512(a)(7) of the Internal Revenue Code, also known as the Unrelated Business Income Tax (UBIT) fringe benefits provision, enacted in the 2017 Tax Cuts and Jobs Act of 2017 (P.L. 115-97). This provision imposed a 21 percent tax on exempt organizations who offer qualified transportation fringe benefits to their employees.

The Council on Foundations (“Council”) is a nonprofit leadership association of grant making foundations and corporations, and a public charity qualified under Section 501(c)(3) of the Internal Revenue Code. Our members include over 700 philanthropic organizations and our mission is to provide the opportunity, leadership, and tools needed by these organizations to expand, enhance and sustain their ability to advance the common good.

Since the enactment of P.L. 115-97, the Council along with other organizations in the field have expressed our concern to the members of this Committee and the Treasury Department about the financial burden that the UBIT fringe benefits provision represents to nonprofits, public charities, and Houses of Worship who offer qualified transportation fringe benefits to their employees. Aside from the fact that a new imposed tax on charities means less dollars available for charitable programs, this new rule also affects exempt organizations as employers and increases the cost to employ the hundreds of thousands of individuals working in the sector.

We thank you for your leadership in introducing this repeal measure and urge the Committee to vote “yes” on keeping this section. If you have any questions, please do not hesitate to contact Stephanie Powers, Vice President for Policy & Partnerships, at stephanie.powers@cof.org, or 202-991-2510.

Sincerely,



Kathleen Enright
President and CEO