

November 13, 2018

The Honorable Chairman Orrin Hatch
104 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Chairman Kevin Brady
1102 Longworth House Office Building
United States House of Representatives
Washington, DC 20515

The Honorable Ron Wyden
221 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Richard Neal
341 Cannon House Office Building
United States House of Representatives
Washington, DC 20515

Dear Chairman Hatch, Chairman Brady, Ranking Member Wyden, and Ranking Member Neal:

We are a group of leaders from diverse faiths representing a broad range of institutions, including houses of worship, primary and secondary education, higher education, and faith-based nonprofit organizations serving communities around the country and around the world.

We write with serious concerns about how a little-noticed provision in the Tax Cuts and Jobs Act would tax parking and transit benefits provided by nonprofit organizations and churches. Unless repealed, this provision will require tens of thousands of houses of worship to file tax returns for the first time in our nation's history and will impose a new tax burden on houses of worship and nonprofit organizations.

This change in Section 512(a)(7) taxes nonprofit organizations – including houses of worship – for the cost of parking and transit benefits provided to employees. This significant change in the treatment of charitable organizations will require many nonprofit organizations to file federal Form 990-T and pay federal taxes on the cost of parking and transit benefits provided to their staff. Not only does this provision impose a new tax on nonprofits, this provision also burdens nonprofits and houses of worship with burdensome accounting and regulatory compliance costs. It is likely that these costs will exceed the tax actually collected from nonprofit organizations.

Perhaps worst of all, this provision will hopelessly entangle the IRS with houses of worship, simply because these houses of worship allow their clergy to park in their parking lots. For good reasons grounded in the First Amendment, houses of worship are not required to file tax returns each year. This policy allows houses of worship to operate independently from the government and shields houses of worship from government interference and intrusive public inspection into their internal, constitutionally protected operations, as nonprofit tax returns are available to the public.

Further, it is our understanding that the Joint Committee on Taxation's score of a full repeal of Section 512(a)(7) (S. 3332 / H.R. 6460) tells the story of the toll this provision will take on the charitable sector: \$1.7 billion over 10 years. Whatever purpose Section 512(a)(7) was intended to serve cannot justify extracting \$1.7 billion in taxes from nonprofits and houses of worship within just 10 years. While the organizations and houses of worship will pay these taxes, it is the people they serve who will ultimately suffer from this massive diversion of funds from civil society to the government.

We believe these impacts from Section 512(a)(7) were surely unintended and unanticipated. **We therefore call upon you to repeal Section 512(a)(7) through any appropriate legislative package before the end of this calendar year.**

We thank you for your commitment to ensuring that the United States continues to have a thriving and vibrant spectrum of civil society organizations and healthy and independent houses of worship. We look forward to working with you on this needed technical fix to the Tax Cuts and Jobs Act before the end of this year.

Respectfully,

Russell Moore
President
Southern Baptist Ethics &
Religious Liberty Commission

Erik Stanley
Director, Center for Religious Ministries
Sr. Counsel, Alliance Defending Freedom

Mike Rouse
President
American Association of Christian Schools

Terry Schilling
Executive Director
American Principles Project

Thomas J. Cathey, EdD
Director for Legal Legislative Issues
Association of Christian Schools International

Sister Donna Markham OP, PhD
President and CEO
Catholic Charities USA

Stephanie Summers
CEO
Center for Public Justice

David Nammo
CEO
Christian Legal Society

Gérald Caussé
Presiding Bishop
The Church of Jesus Christ of Latter-day Saints

Rev. Susan Taylor
National Public Affairs Director
Church of Scientology National Affairs Office

Penny Young Nance
CEO and President
Concerned Women for America LAC

Shirley V. Hoogstra
President
Council for Christian Colleges and Universities

Rebecca Linder Blachly
Director, Office of Government Relations
The Episcopal Church

Dan Busby
President
Evangelical Council for Financial Accountability

Timothy Head
Executive Director
Faith & Freedom Coalition

David Christensen
Vice President of Government Affairs
Family Research Council

J. Michael Smith
President
Home School Legal Defense Association

Ajit Sahi
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Indian American Muslim Council

Rabbi Abba Cohen
Vice President for Federal Affairs
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Bishop of Venice
Chairman, USCCB Committee on Domestic
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