

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 Unless repealed, this provision will require tens of thousands of houses of worship to file tax returns for the first time in our nation's history and will impose a new tax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

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President  
American Association of Christian Schools

Terry Schilling  
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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  
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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  
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Council for Christian Colleges and Universities

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

Dan Busby  
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