November X, 2018

[Member of Congress

Address Block]

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

Dear the Honorable X:

**The [organization name] strongly urges you to support the repeal of the unrelated business income tax (UBIT) on transportation fringe benefits for tax-exempt organizations included in Chairman Brady’s tax package being considered on the House floor this week.**

Until this year, tax-exempt organizations such as charitable nonprofits, houses of worship, associations and foundations that provided transportation and parking benefits to their employees were not subject to tax on those benefits, whether provided directly or indirectly. The Tax Cuts and Jobs Act (TCJA) brought about a sea change for these tax-exempt organizations by imposing a 21 percent unrelated business income tax (UBIT) on qualified transportation benefits. Not only do these organizations now have to pay a hefty tax on these benefits but they must value them as well, which can be difficult when there is no clearly defined valuation method or guidance from Treasury.

As for fairness, taxable corporations also must pay tax on these employee benefits, however in the TCJA corporations received an income tax rate reduction while tax-exempts received no similar tax relief. Subjecting the tax-exempt sector to UBIT on transportation and parking benefits diverts funds that would otherwise go toward valuable mission services. Repealing this provision will alleviate the damage this 21 percent tax has had on our organization’s ability to serve our mission and the community.

We thank you for your urgent consideration of this matter.

Sincerely,

[signature]