

November 27, 2017

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
317 Russell Senate Office Building  
Washington, DC 20510

The Honorable Orrin Hatch  
Chair  
Senate Committee on Finance  
104 Hart Senate Office Building  
Washington, DC 20510

The Honorable Mike Enzi  
Chair  
Senate Committee on The Budget  
379A Senate Russell Office Building  
Washington, DC 20510

Dear Leader McConnell, Chairman Hatch and Chairman Enzi:

As a group of diverse not-for-profit organizations, representative organizations, and associations of not-for-profits that work with and help millions of Americans across the country in every state, we write to raise our deep concerns about the proposed modification to Sections 512 and 513 of the Internal Revenue Code contained in Section 13702 of the "Tax Cuts and Jobs Act" as reported out of the Senate Finance Committee. The provision (hereinafter "UBIT Change") proposes to subject to tax the passive income that not-for-profit organizations earn from the licensing of their name and logo under the tax code's unrelated business income tax (UBIT) regime. The Senate's proposed change to the longstanding UBIT treatment of passive royalty income has the potential to dramatically reduce the funding available to nonprofits to carry out their critical mission. As such, we respectfully ask that you remove the UBIT Change from the Senate bill.

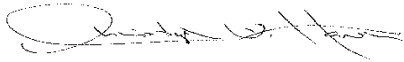
As you know, not-for-profit organizations play a critical role in today's economy and society, augmenting the services that government chooses to provide and providing the additional services that government cannot. Congress has historically recognized and supported this important role by extending tax-exempt treatment not only to revenue from mission-related work, but also to the revenue from licensing our name and logo to third-parties, to generate further income to support our mission-related work. The proposed UBIT Change would subject this important ancillary source of income to a tax for the first time ever, thereby impacting directly on our respective bottom line and ability to sustain our mission.

We further note that while the imposition of this tax would have a substantial impact on our continued ability to deliver much needed services and support for our respective nonprofit missions, removal of the provision would have an insignificant effect on the overall bill. The Joint Committee on Taxation has estimated revenues generated from this provision at a mere 0.14 percent relative to the nearly \$1.5 trillion in total tax relief provided under the bill.

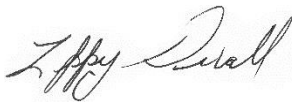
We would welcome an opportunity to discuss our concerns with you or your staff in more detail at your earliest convenience. Given the importance of the issue to our organizations and the not-for-

profit community, we will be reaching out to your offices to discuss these proposed changes to the UBIT rules and the impact on our mission driven work. Please contact Paul Poteet at [ppoteet@gpg.com](mailto:ppoteet@gpg.com) or 202-741-5583 with any questions. We thank you for your attention to this critical issue, given the disproportionate impact this measure will have on the work we do for children and families across our great country.

Yours truly,



Christopher W. Hansen  
President  
American Cancer Society Cancer Action Network



Zippy Duvall  
President  
American Farm Bureau Federation



Nancy Brown  
Chief Executive Officer  
American Heart Association



Peter McPherson  
President  
Association of Public and Land-Grant Universities





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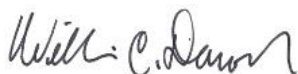
Sue Cunningham  
President and CEO  
Council for Advancement and Support of Education



Sylvia Acevedo  
Chief Executive Officer  
Girl Scouts of the USA



Dan Cardinali  
President and CEO  
Independent Sector



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*René Bardorf*

René C. Bardorf  
Senior Vice President of Government and Community Relations  
Wounded Warrior Project

