



Congress of the United States  
House of Representatives  
Washington, DC 20515-3212

July 12, 2019

Dear Colleague:

We would like to invite you to co-sponsor two pieces of legislation we have introduced that reverse burdensome new costs on the nonprofit sector imposed by the 2017 Tax Act.

Nonprofits provide much-needed services that not only improve our quality of life, but bolster our communities and help the most vulnerable among us. In addition, they play an essential role in our economy. For example, in 2017, they accounted for almost 12.5 million jobs, employed more than 10 percent of the private-sector workforce and paid \$670 billion in wages.

Yet, as important as nonprofits are to our communities and the economy, the 2017 Tax Act caused them severe harm in the form of higher costs that take money away from a nonprofit's charitable mission. Our bills would undo those harms and strengthen the charitable sector so that it can continue providing the services that so many Americans rely on.

The *Stop the Tax Hike on Charities and Places of Worship Act* ([H.R. 1223](#)) would repeal the 21 percent tax charities must pay for employee benefits such as mass-transit subsidies and parking. Repeal of this tax was also included in [H.R. 3300](#), the Economic Mobility Act of 2019, which was marked up by the Ways and Means Committee on June 20.

*The Nonprofit Relief Act of 2019* ([H.R. 3323](#)):

- Repeals the provision in the 2017 tax that requires nonprofits to calculate separately the taxes on each "separate" unrelated business income "trade or business." This is commonly referred to as "siloiing." Siloiing means a deficit on one business cannot be applied to cancel out a profit on another.
- Extends to nonprofits the 2017 Tax Act's new paid family and medical leave tax credit. Nonprofits were left out of the law.
- Corrects a problem not addressed in the 2017 Tax Act – that volunteers reimbursed by nonprofits for their mileage must pay income tax on the reimbursement on amounts over 14 cents per mile. The bill removes this penalty by allowing reimbursement up to the business mileage rate, currently set at 58 cents per mile.

The two bills complement each other and together help undo the harm the 2017 tax law is causing nonprofits. Attached please find a [report](#) prepared by the JEC Democratic staff detailing the economic impact on charities of the 2017 Tax Act. Both bills are fully paid for by paring back the 2017 law's corporate tax cut by a fraction of a percentage point.

To co-sponsor the *Stop the Tax Hike on Charities and Places of Worship Act*, please contact [Tamika.Day@mail.house.gov](mailto:Tamika.Day@mail.house.gov) in Rep. Clyburn's office. To co-sponsor or learn more about the *Nonprofit Relief Act of 2019*, please contact [Max.Whitcomb@mail.house.gov](mailto:Max.Whitcomb@mail.house.gov) in Rep. Maloney's office.

Sincerely,

JAMES E. CLYBURN  
House Majority Whip

CAROLYN B. MALONEY  
Vice Chair, Joint Economic Committee