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CHAIRMAN, COMMITTEE ON  
AGRICULTURE

COMMITTEE ON ARMED SERVICES

HOUSE PERMANENT SELECT  
COMMITTEE ON INTELLIGENCE

## Congress of the United States House of Representatives

Dear Colleague,

I write to ask you to cosponsor H.R. 6037, the Nonprofits Support Act. This bill repeals two harmful provisions included in the Tax Cut and Jobs Act that made changes to the unrelated business income tax, and returns nonprofits to their previous status.

Section 512(a)(6) stipulates that nonprofits with more than one unrelated trade or business must compute unrelated business income (UBI) and related losses for each unrelated trade or business separately. Prior law allowed aggregation of unrelated business income or losses among multiple unrelated trades or businesses. Section 512(a)(7) imposes an unrelated business income tax (UBIT) on certain expenses paid by an exempt organization employer for certain fringe benefits, like qualified transportation benefits and on-site parking. In other words, this section taxes the transit fringe benefits, like parking lots for instance, that nonprofits offer to employees.

These provisions present a fundamental change to nonprofits' operations and further, will impose new costs that threaten the existence of many local nonprofits. Historically, nonprofits have not had to pay these taxes for transit fringe benefits, thus altering the very "non-profit" status established under 26 U.S.C. 501(c)3. Also, compliance costs and the expertise required to comply with section 512(a)6 – like understanding and filling out the forms for UBIT for the first time – pose significant challenges.

Furthermore, the IRS has issued no guidance for nonprofits to follow in order to legally comply with these provisions. For example, what constitutes a separate trade or business activity? What fringe benefits are covered? How are nonprofits to value fringe benefits like parking spots on their property? How is the UBIT applied to an activity that does not generate UBI? These and many more questions have left our nonprofits in an unworkable position.

These provisions went into effect on January 1, 2018. If they are not repealed or delayed, nonprofits will be forced to pay new taxes and most will be found noncompliant given the lack of guidance. Every congressional district in the United States is home to multiple nonprofits like churches, hospitals, and universities, all or which will feel the harmful effects of 512(a)6 and 512(a)7. Please cosponsor H.R. 6037, the Nonprofits Support Act today to bring much-needed relief to our community nonprofits. Please contact [Matthew.Russell@mail.house.gov](mailto:Matthew.Russell@mail.house.gov) to cosponsor.

Sincerely,

A handwritten signature in blue ink that reads "K. Michael Conaway". The signature is stylized and includes a large, sweeping flourish at the end.

K. Michael Conaway  
Member of Congress