

October 27, 2017

The Honorable Orrin Hatch, Chairman  
U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Ron Wyden, Ranking Member  
U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Kevin Brady, Chairman  
U.S. House Committee on Ways & Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Richard Neal  
U.S. House Committee on Ways & Means  
1106 Longworth House Office Building  
Washington, DC 20515

Dear Chairmen Hatch and Brady and Ranking Members Wyden and Neal:

As your committees work toward a simpler, fairer tax code that benefits American families and encourages job creation and economic growth, ASAE and the attached list of associations respectfully urge you to keep in mind the implications of any changes to tax law for the nonprofit and not-for-profit sector. We urge you to protect the vital work that associations and other tax-exempt organizations perform across the nation and the world.

With more than 39,000 members, the American Society of Association Executives (ASAE) is the largest organization in the world representing the interests of associations. Our organizational members are trade associations and individual membership societies that represent almost every sector of the economy and countless professions. Together, our members represent 7,400 organizations and create a vibrant community that make the world smarter, safer, and better every day.

Non-dues revenue is critical for associations to survive financially and fulfill their tax-exempt purpose. That purpose is expressed through professional development and skills training, publications, credentialing, research, and charitable and community service. Associations build a stronger economy, enhance job skills, improve systems and structures, and strengthen lives. At the heart of our community are people – researchers, innovators, mentors, communicators – whose expertise and hard work collectively help to create a stronger America and world.

In 2016, there were 63,866 trade and professional associations on record with the IRS. These organizations employ 1.3 million people, generating an annual payroll of nearly \$51 billion. Despite their tax-exempt status, associations are by no means exempt from all taxes. Associations contribute substantially to national, state, and local economies across the country. Included among the taxes associations pay are federal payroll taxes, state and local taxes, real estate taxes, personal property

taxes, sales and use taxes, franchise taxes, taxes on lobbying activities, and taxes on unrelated business income (UBIT).

Within tax reform, potential changes to UBIT are of chief concern to the association community. Depending on various changes that may be considered, associations could be forced to make stark changes related to their activities and income sources, and may have difficulty continuing the work they do in communities across the country. Most associations depend on income from passive royalties to advance their tax-exempt purpose, and changes in this area could have broad and negative ramifications for the entire association community.

Associations make America stronger. In virtually every industry and sector, associations advance workers' job skills and create new employment opportunities. We implement programs and impact policies that strengthen America's safety and security – on roadways, waterways, jobsites, the Internet and everywhere in-between. As you finalize the difficult work of reforming the tax code, our request is that you consider the positive impact of our sector before making any changes to the tax code that would negatively impact our work.

Thank you for the opportunity to provide comments on this important issue. Please let us know how we can contribute in any way to this important discussion by contacting Jim Clarke, senior vice president of public policy, at 202.626.2865 or [jclarke@asaecenter.org](mailto:jclarke@asaecenter.org).

Sincerely,

The American Society of Association Executives (ASAE)

[Associations organized by state]

CC:

Members of the Senate

Members of the House of Representatives