

December 10, 2018

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
S-230 The Capitol  
Washington, DC 20510

The Honorable Chuck Schumer  
Minority Leader  
U.S. Senate  
S-221 The Capitol  
Washington, DC 20510

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

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

Dear Leader McConnell, Leader Schumer, Chairman Hatch and Ranking Member Wyden:

As chief executive officers of a diverse ecumenical group of denominational benefits plans from Protestant, Catholic and Jewish faith traditions that provide retirement and health benefits to over one million clergy, lay workers, and their families, we write to urge the U.S. Senate, before the end of this year, to resolve two important policy issues facing our benefit programs and the religious communities they serve.

The first issue stems from the recent position taken by the Treasury Department and IRS to bar employees of certain church-affiliated organizations from participating in church retirement income account plans offered under section 403(b)(9) of the Internal Revenue Code. The recent Treasury Department and IRS position disregards more than 30 years of practice, precedent, and clear statutory language. As a result, employees of church-related nursing homes, daycare centers, summer camps, preschools, colleges, universities, hospitals, and other social service organizations stand to lose access to the unique plan features they have come to depend upon in these church plans. In addition, the Treasury and IRS position would result in significant transition costs, which would unfortunately siphon resources away from the core missions of these community organizations and from supporting the retirement security of clergy and church lay workers.

Well-vetted bipartisan and bicameral legislation has been introduced in the House and Senate that would make the necessary clarification to affirm the broad availability of section 403(b)(9) plans (S. 674, led by Senators Cardin, Roberts, and Crapo; H.R. 2341, led by Representatives Roskam and Kind). Additionally, the clarification has been included in the Retirement Enhancement and Savings Act (S. 2526/H.R. 5282), the Family Savings Act (H.R. 6757), and Chairman Brady's amendment to H.R. 88. We urge the Senate to pass this bipartisan and noncontroversial 403(b)(9) clarification before the end of the year to protect the retirement security of the thousands of workers who depend upon church 403(b)(9) plans across the country.

Additionally, we call upon the Senate to address the significant burdens that the new unrelated business income tax (UBIT) provision contained in section 512(a)(7) of the Internal Revenue Code imposes upon the church community.

Under section 512(a)(7), hundreds of thousands of churches and mission-focused community religious organizations are required for the first time not only to characterize the amount spent to provide employee parking as unrelated business income and to file a Form 990, but also to pay taxes on the cost of this parking. Most of these organizations have never engaged in UBIT generating activities and, consequently, have never reported or paid federal income taxes before. Notably, the primary purpose of the parking lot is for congregants to worship and for community members to seek mission-related services. Parking is not intended as a fringe benefit and only incidentally is made available to clergy and church lay workers. However, absent relief, hundreds of thousands of churches and related organizations may be forced to file 990-Ts, most with modest amounts of UBIT.

With the end of the year rapidly approaching, churches and religious organizations are increasingly concerned about their ability to properly comply and the significant costs associated with this new section of the Internal Revenue Code. We are grateful for the bipartisan, bicameral legislation that has been introduced to address this issue and, in particular, for Chairman Brady's amendment to H.R. 88 that includes a repeal of Section 512(a)(7). We urge the U.S. Senate to advance legislation to repeal section 512(a)(7) before the end of the year so the resources of America's religious communities may be properly directed and focused on their mission work.

On behalf of our organizations and our plan participants, thank you for your consideration of and attention to these important matters. We look forward to continuing to work with members of the U.S. Senate to promote the retirement security of people of faith nationwide.

Sincerely yours,

Rev. Dr. Todd Adams  
*Christian Church (Disciples of Christ)*

Mr. Louis Barbarin  
*American Baptist Churches*

Mr. Brian Bodager  
*United Church of Christ*

Ms. Barbara A. Boige grain  
*United Methodist Church*

Mr. John H. Bolt  
*Christian Reformed Church in North America*

Mr. John Brummitt  
*National Association of Free Will Baptists*

Mr. Gary D. Campbell  
*Presbyterian Church in America*

Mr. Mark Dowley  
*Free Methodist Church of North America*

Mr. Nevin Dulabaum  
*Church of the Brethren*

Dr. Craig A. Dunn  
*Wesleyan Church*

Mr. Matthew Frizzell  
*Community of Christ*

Dr. O. S. Hawkins  
*Southern Baptist Convention*

Mr. Paul Hawkinson  
*Evangelical Covenant Church*

Mr. Jeffrey A. Jenness  
*Board of Pensions of the Church of God (IN)*

Mr. Raymond Jimenez  
*General Conference of Seventh-Day Adventists*

Mr. Michael Kimmel  
*Reform Pension Board*

Ms. Kelly Oliveira  
*Reformed Church in America*

Mr. Jonathan Phillips  
*International Church of the Foursquare Gospel*

Br. Michael F. Quirk, FSC  
*Christian Brothers Services*

Ms. Rachel Roth  
*American Conference of Cantors*

Mr. Stephen Schultz  
*Converge*

Rev. Frank C. Spencer  
*Presbyterian Church (U.S.A.) Board of Pensions*

Rev. Jeffrey Thiemann  
*Evangelical Lutheran Church in America* Mr.

Rev. Bruce Verkruyse, Jr.  
*Association of Unity Churches International*

Ms. Mary Kate Wold  
*Church Pension Group (Episcopal Church)*

Mr. Reggie Hundley  
*Christian Churches Pension Plan*

Bart J Francescone  
*Evangelical Presbyterian Church*

Mr. Marlo J. Kauffman  
*Mennonite Church*

Rev. Richard Nugent  
*Unitarian Universalist Association*

Mr. Joshua Peterman  
*Wisconsin Evangelical Lutheran Synod*

Mr. John M. Preis  
*Young Men's Christian Association*

Mr. Arthur D. Rhodes  
*Church of God Benefits Board (TN)*

Mr. James F. Sanft  
*Concordia Plan Services of The Lutheran Church—Missouri Synod*

Mr. Mitchell J. Smilowitz  
*Joint Retirement Board for Conservative Judaism*

Rev. Ric Stanghelle  
*Evangelical Free Church of America*

Mr. James P. Thomas, CPA  
*Churches of God, General Conference Rev.*

Rev. Don L. Walter  
*Church of the Nazarene*