

Dear Chairman Hatch:

ASAE and the association sector commend you for spearheading efforts in Congress to overhaul the nation's tax code to make it simpler and fairer. We recognize that comprehensive tax reform is no easy undertaking. As one of your stated goals of tax reform is to enhance the competitiveness of American businesses and grow jobs, ASAE and the attached list of associations respectfully urge you to reconsider several proposals in the Tax Cuts and Jobs Act that would severely impact the thousands of trade and professional associations that support every industry and countless professions across the nation.

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. Together, our members represent 7,400 organizations that make the world smarter, safer, and better every day. 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.

The chairman's mark released November 9 includes three proposals that ASAE and the signees strongly believe would harm associations and other nonprofit employers:

Nonqualified deferred compensation

The chairman's mark proposes to eliminate nonqualified deferred compensation arrangements for nonprofit employers like associations. Eliminating 457 plans outright, without grandfathering existing arrangements, is unfair. It would hurt nonprofit employees who in good faith entered into contractual agreements with their employers, and are counting on this benefit as part of their retirement planning. This provision also hurts nonprofit employers in attracting and retaining top talent. Large nonprofits are complex organizations that demand a high level of executive leadership. Nonprofit employers can't offer performance stock options, but 457 plans are an alternative benefit, allowing nonprofits to offer key employees a limited amount of nonqualified vested deferred compensation to supplement the retirement benefits.

Because of the potential impact of this provision on retirement planning and executive recruitment and retention, we urge you to consider grandfathering existing deferred compensation plans past the current pay-out year of 2027.

Intermediate sanctions

The chairman's mark proposes to apply intermediate sanction rules to Section 501(c)(5) and 501(c)(6) organizations and eliminate the "presumption of reasonableness" for nonprofit organizations that practice due diligence in setting compensation arrangements. This proposal gives the IRS the power to determine what constitutes an excess benefit transaction and removes the safe harbor for nonprofit

organizations that follow reasonable, responsible processes for determining compensation, including review by a governing body or committee; use of appropriate data as to comparability; and adequate documentation supporting the decision on compensation at the time it was made. Organizations should not be subject to penalty when they practice due diligence in determining compensation.

Name and logo royalties treated as UBIT

The chairman's mark proposes to subject royalty income derived from the licensing of a nonprofit organization's name or logo to unrelated business income tax (UBIT). Royalties closely resemble other passive income for tax-exempt organizations – such as rent, interest and dividends. Whether a particular income-generating activity is a royalty must be determined by the facts and circumstances of each case, but ASAE contends that royalties should not be taxed when there is little service offered by the tax-exempt organization in return for the payment. Royalties are a significant source of non-dues revenue or non-contributed revenue that can be reinvested in education, skills training, standard-setting, research and other activities critical to the mission of a tax-exempt entity.

Thank you for the opportunity to provide comments on this important issue. 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. 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.
Sincerely,

The American Society of Association Executives (ASAE)

[Signatories]

CC:

The Honorable Ron Wyden, Ranking Member

ASAE Sign-On Letter on Senate Tax Bill

Signatories as of 11/14/2017

The American Society of Association Executives (ASAE)

Academy for Eating Disorders

ACG National Capital

ACPA--College Student Educators International

AdvaMed---Advanced Medical Technology Association

Aerospace Medical Association

AIA Florida

Air-Conditioning, Heating, and Refrigeration Institute

American Academy of Audiology

American Alliance of Orthopedic Executives

American Beverage Association

American Bus Association

American College of Cardiology

American College of Osteopathic Surgeons

American Composites Manufacturers Association

American Counseling Association

American Feed Industry Association

American Group Psychotherapy Association

American Institute of Architects

American Mensa, Ltd.

American Rental Association

American Society for Dermatologic Surgery Association (ASDSA)

American Society of Anesthesiologists

American Society of Clinical Oncology

American Speech-Language-Hearing Association

American Traffic Safety Services Association
AMPED Association Management
Arizona Technology Council
ASHRAE, Inc.
ASIS International
Associated General Contractors of America
Association Activision, LLC
Association Connection
Association for Research in Vision and Ophthalmology
Association of American Medical Colleges
Association of Boards of Certification
Association of Towns of the State of New York
Association of Women's Health, Obstetric and Neonatal Nurses
Associations North
Bond Dealers of America
Brainsy, Inc.
Builders Exchange of Central Ohio
Building Owners and Manager Association (BOMA) International
Club Managers Association of America
Commission on Rehabilitation Counselor Certification
Consortium for School Networking
Construction Management Association of America
Construction Specifications Institute
Consumer Specialty Products Association
Consumer Technology Association
Cook County Farm Bureau
Cook-Witter, Inc.
Council For Affordable and Rural Housing
Denver Metro BOMA

Destinations International

DHI Door Security and Safety Professionals

Diving Equipment and Marketing Association (DEMA)

Door Security and Safety Foundation

Electrical Apparatus Service Association, Inc. (EASA)

Entertainment Services and Technology Association

Eye Bank Association of America

Farm Equipment Manufacturers Association

Financial Services Institute

Foodservice Equipment Distributors Association

Greater Milwaukee Association of REALTORS

Hawaii Association of REALTORS

Healthcare Distribution Alliance

Healthcare Financial Management Association

Healthy Air Research and Certification Authority

Heating, Air-conditioning & Refrigeration Distributors International (HARDI)

HIGH IMPACT Mission-based Consulting & Training

Home Ventilating Institute

Houston Association of Realtors

Illinois Academy of Family Physicians

Illinois Association of School Boards

Illinois Chiropractic Society

Independent Bankers Association of Texas

Independent Electrical Contractors

Independent Insurance Agents and Brokers of America

Indiana Society of Association Executives

Infectious Diseases Society of America

Institute for Supply Management

Institute of Electrical and Electronics Engineers, Inc.

Institute of Food Technologists
Institute of Hazardous Materials Management
Institute of Internal Auditors
Inter-Mission, LLC
International Association of Campus Law Enforcement Administrators
International Association of Forensic Nurses
International Association of Lighting Designers
International Association of Venue Managers
International Council of Shopping Centers
International Foodservice Distributors Association
International Franchise Association
International Public Management Association for Human Resources
International Society for Magnetic Resonance in Medicine (ISMRM)
International Society on Thrombosis and Haemostasis
International SPA Association
Invest In the USA
Iowa Soybean Association
Jewelers of America
Kansas Livestock Association
Kappa Alpha Order
Laureus Sport for Good Foundation USA
Metals Service Center Institute
Metropolitan Builders Association
Middle Tennessee Association of REALTORS
Minnesota Association of Townships
Missouri Pharmacy Association
NACAS
NAFSA: Association of International Educators
NAHAD - Association for Hose and Hose Accessories Distribution

NAMA

National Active and Retired Federal Employees Association (NARFE)

National Affordable Housing Management Association (NAHMA)

National Apartment Association

National Association of Chain Drug Stores

National Association of Credit Management - Gulf States

National Association of Credit Management - North Central

National Association of Independent Life Brokerage Agencies (NAILBA)

National Association of Independent Schools

National Association of Insurance and Financial Advisors (NAIFA)

National Association of School Psychologists

National Association of Veterans' Research and Education Foundations (NAVREF)

National Business Officers Association

National Cancer Registrars Assn.

National Electrical Contractors Association

National Grocers Association

National Investor Relations Institute

National Pawnbrokers Association

National Potato Council

National Restaurant Association

National Shooting Sports Foundation

National Society for Histotechnology

National Truck Equipment Association

Nevada Chapter Associated General Contractors

New Hampshire Grocers Association

New York State Council of School Superintendents

NIRSA: Leaders in Collegiate Recreation

North American Association of Food Equipment Manufacturers (NAFEM)

North American Vascular Biology Organization

NSSGA

ODVA

Ohio Insurance Agents Association

Ohio Osteopathic Association

Ohio Society of CPAs

Organization of American Historians

Pa State Association of Township Supervisors

Pet Industry Joint Advisory Council

PMMI, The Association of Packaging and Processing Technologies

Population Association of America (PAA)

Radio Television Digital News Association

Recreation Vehicle Industry Association

Retail Packaging Association

Salon & Spa Professional Association

Senior Executives Association (SEA)

Sesame Workshop

Society for Marketing Professional Services

Society for MR Radiographers and Technologists

Society of Actuaries

Society of Actuaries (SOA)

Society of Economic Geologists

Society of Petroleum Engineers

Soroptimist International of the Americas

Specialty Graphic Imaging Association

State Universities Annuity Association

Student & Youth Travel Association

Tennessee Concrete Association

Texas and Southwestern Cattle Raisers Association

Texas Association of REALTORS

Texas Nursery & Landscape Association
The Apartment Association of Greater Orlando
The Builders Exchange, Inc.
The Council of Insurance Agents & Brokers
The Fertilizer Institute
The Honor Society of Phi Kappa Phi
The New Jersey Association of Mental Health and Addiction Agencies, Inc.
The Ohio Society of Association Executives
The Society for Human Resource Management (SHRM)
Townships of Minnesota
Transportation Intermediaries Association
United Fresh Produce Association
United Motorcoach Association
University Risk Management & Insurance Association
US Poultry & Egg Association
Virginia Sheriffs' Institute
Virginia Society of Certified Public Accountants
Washington Society of Association Executives
Water Environment Federation
Wine & Spirits Wholesalers of America
Wisconsin Association of Mutual Insurance Companies
Wisconsin Restaurant Association
Wisconsin Towns Association