

December 7, 2018

Dear Member of Congress,

On behalf of the California Association of Nonprofits (CalNonprofits), I congratulate you on your election to the United States Congress.

CalNonprofits, a statewide policy alliance of more than 10,000 organizations, is the voice for California's nonprofit community. Through our advocacy work, we protect and enhance the ability of California's nonprofits to serve our state, the nation and the world.

Our state's nonprofits not only represent the dreams and aspirations of California's varied communities, they are robust with human capital, financial capacity and innovative potential. *Causes Count*, CalNonprofits' report documenting the economic impact of California's nonprofit organizations, notes that California nonprofits generate \$260 billion in total economic activity every year and nearly one million people are employed by nonprofits in California, accounting for one in sixteen California workers.

Federal laws can have big impacts on nonprofits, sometimes in unexpected and unintended ways. We would like to bring your attention to some issues that currently concern nonprofits:

Keeping nonprofits and churches above the political fray

The [Johnson Amendment](#) (after Lyndon Johnson who introduced it) prohibits 501(c)(3) nonprofits from endorsing or opposing candidates for office and from any other partisan activity. It was passed in 1954 by a Republican Congress and signed into law by President Dwight D. Eisenhower, a Republican. Recently there have been attempts to overturn this rule. We are concerned because having nonprofits and congregations engage in electioneering would confuse the public about the charitable, nonpartisan role of nonprofits. It would allow individuals to pass their political contributions through nonprofits and obtain tax deductions for supporting a political party (currently donations to political parties are not tax-deductible). Nonprofits could be pressured by donors to abandon nonpartisanship and endorse candidates for mayor, state office, etc. Nonprofits could lose our legal and actual stance as benefiting the public, not someone running for office.

Nonprofits are trusted in part because we are resolutely nonpartisan. Those who support our work rely on us to use their donations to help our communities, not engage in electioneering. These proposals would benefit politicians and paid political operatives,

not the people and communities nonprofits serve. **We ask that you pledge to preserve current law and reject all efforts to repeal or weaken this vital protection.**

Balancing Tax Policy

The 2017 Tax Cuts and Jobs Act, while significantly reducing taxes for for-profit corporations and wealthier individuals, actually imposes a *new* tax on tax-exempt organizations: the Unrelated Business Income Taxes [UBIT] on Nonprofit Transportation Benefits Expenses. The new tax law imposes a 21 percent unrelated business income tax on nonprofits for expenses they incur for providing transportation fringe benefits to their employees, such as parking and transit passes, despite the fact that it is actually an expense. This is confusing and costly for nonprofits. Bipartisan supported is building to correct this, but in the meantime, nonprofits could be on the hook for thousands of dollars in new taxes unless this provision is overturned. **We ask that you lead efforts to correct this unjust rule that threaten to undermine the sustainability of community-based charitable organizations.**

Enable All Americans to Claim Charitable Tax Deductions

The doubling of the standard deduction means that 21 million fewer taxpayers will receive a tax benefit for giving back to their communities. While individuals give to the charities and missions they believe in, the evidence is clear that people give more because of the tax incentive. The removal of the incentive for 21 million taxpayers threatens to reduce giving by billions of dollars, meaning that giving will decline and community needs will not be met. We believe strongly that all taxpayers – and not just those who itemize – should have equal access to tax incentives to support their communities by donating to the work of charitable nonprofit organizations. **We urge your support for the creation of a universal or non-itemizer charitable deduction in the tax code.**

Ensure All Californians are Counted

An accurate Census count in 2020 is crucial for California's wellbeing. We receive \$76 billion in federal funding each year is based in part on census data, and some experts suggest California could be at risk of losing a Congressional seat. But efforts could be undermined the Census is not adequately funded. **We urge you to ensure that full funding is provided for FY 2019 as well as for FY 2018.**

A second issue of concern is the proposal to add a citizenship question to the Census questionnaire. This may discourage people from participating in the Census, fearful that their answer to the citizenship question could be used against them. This would be particularly harmful for Californians. Our state is home to the highest percentage (27%) of foreign-born persons in the country, and an undercount would have long-term consequences. **We urge you to oppose any proposal to add a citizenship question to the 2020 Census.**

We want to be a resource for you, your staff and your constituents. Please don't hesitate to contact us on issues and legislation where our expertise would be of value to you.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Masaoka". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jan Masaoka
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