

Call Script

Hi my name is X, from X organization, and I am calling to urge the Assembly Member / Senator to support the passage of bill S.8831/ A.11051.

The federal Tax Cut and Jobs Act of 2017 imposes federal Unrelated Business Income Tax (UBIT) on commuter benefits paid by a nonprofit employer, and currently New York State automatically follows federal statute. If this does not change, my organizations will have to pay taxes on our employee's commuter benefits, diverting money from critical community programs.

The State should not impose this new unintentional tax and this bill will decouple the federal and state laws to allow nonprofits to subtract these costs from federal unrelated business taxable income.

The State did not anticipate this tax and did not include it in the FY2018-19 budget. It is crucial that this legislation be passed in this session so that my organization and the communities we serve are not adversely impacted.

Additional talking points

- The federal Tax Cut and Jobs Act of 2017 imposes federal Unrelated Business Income Tax (UBIT) on any amount a nonprofit employer has "paid or incurred" for commuter benefits such as a Buffalo NFTA Metro Pass, NYC Metrocard, Rochester RTS Pass, or employee parking.
- New York law imposes a state UBIT whenever federal law does so. As a result, New York will automatically follow the new federal statute, imposing an additional 9 percent tax effective January 1, 2018
- If the nonprofit pays for all or part of the employee's commuter benefits, it will have to pay both the federal tax and the 9% NY tax.
- With more than 1.3 million nonprofit employees statewide, the tax could divert millions of dollars from the nonprofit sector each year.
- The revenue that will be diverted to the State from nonprofits was unintentional, and these funds were not considered in the SFY 2018-19 Budget.