

Tax Cuts and Jobs Act of 2017
(Public Law 115-97)

During consideration of the Tax Cuts and Jobs Act of 2017 (TCJA), a number of ideas were considered that would have been very detrimental to AJCU institutions and our students. We worked hard along with our AJCU institutions to push back against those proposals (several cited below), and many were not included in the final legislation. That collective action along with efforts of others of various higher education associations and institutions around the nation helped ensure that the following proposals were NOT included in the final legislation:

- Proposals to repeal tax preferences for graduate student tuition remission and employer provided tuition benefits – REJECTED.
- Proposal to repeal deductibility of up to \$2500 in student loan interest payments – REJECTED.
- Proposal to deny universities' ability to utilize private activity bond financing authority for campus facilities – REJECTED.
- Proposal to impose cap on tax-free employer provided housing – REJECTED.
- Proposal to tax revenues from research when findings are not made public – REJECTED.

On the positive side, the legislation:

- Retained the above-the-line charitable deduction.
- Maintained the Charitable IRA Rollover provisions of the tax code.
- Increases the threshold for charitable deductions of cash or property from 50% to 60% of income.

The final legislation does:

- Impose an excise tax on endowment earnings for certain private colleges and universities which have endowments of \$500,000 per full time equivalent student.
- Impose a 21% excise tax on non-profit employers for highly compensated employees (with salaries in excess of \$1,000,000) and certain parachute agreements.
- Deny donors charitable deduction for stadium seating rights.
- Disallows losses from one unrelated business taxable business (UBIT) activity to offset revenues from others.
- Applies UBIT to qualified transportation fringe benefits (e.g. use of parking facility as a fringe benefit or at any on-premises athletic facility).