

Amherst College

March 29, 2019



The Honorable Richard Neal
Chairman
Ways and Means Committee
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:



We write to congratulate you on your chairmanship of the Ways and Means Committee and to thank you for your leadership and engagement on efforts to repeal the damaging and unprecedented tax on the net investment income of colleges and universities, widely known as the endowment tax, enacted in 2017 as a part of the Tax Cuts and Jobs Act.



Massachusetts is disproportionately affected by this tax with estimates suggesting that our six institutions—out of the 30 expected to fall within the tax regime—will pay approximately 40 percent of the revenue that will be realized from this provision. This makes Massachusetts, by far, the most heavily affected state.



Beyond the state-wide costs, this new taxation of charitable resources will affect students across our campuses. As charitable institutions, our resources are dedicated to our mission of education, research, and public service. This tax will necessarily impede these efforts. In addition, the tax will disincentivize further long-term philanthropic support of our institutions as donors factor in a new tax on their support.

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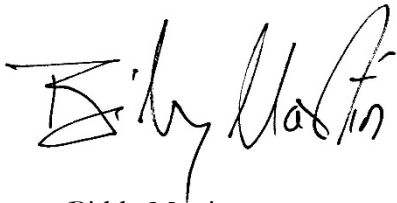
Each one of our institutions fully meets students' identified needs with financial aid programs that emphasize need-based grant aid and eliminate or substantially reduce the requirement for any of our students to borrow. At all our schools, the neediest undergraduates receive grants that cover not just tuition but most of their other costs as well. This tax, purportedly motivated to address cost and encourage aid, will make these policies harder to sustain and expand.

We recognize your new committee responsibilities are broad and consequential, and deeply appreciate your prioritizing this issue for early action. We anticipate the first payments under this provision are likely to be due later this year and hope that you and your colleagues will move to address it with some urgency. The impact of this pernicious tax will grow significantly over time, as more institutions are affected, and the levy erodes our philanthropic resources.

We believe that this must be addressed swiftly and definitively to ensure that no precedent is set for such a damaging tax.

Once again, our deep and sincere thanks for your leadership on this issue. Given your long experience on Capitol Hill and with the higher education community in the Commonwealth, we are fortunate to have your support and grateful for your attention. Please let us know how we can work with you on this.

Sincerely,



Biddy Martin
President
Amherst College



Larry Bacow
President
Harvard University

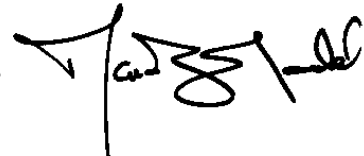


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