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Agudath  
Israel  
of America  
אגודת ישראל באמריקה

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December 13, 2017

The Honorable Kevin Brady, Chair  
House-Senate Conference Committee on H.R.1  
Washington, D.C. 20515

*Re: H.R.1, Tax Cuts and Jobs Act Conference*

Dear Chairman Brady:

As House and Senate conferees are meeting to iron out differences between their respective versions of H.R.1, the Tax Cuts and Jobs Act, I write on behalf of Agudath Israel of America to express our views on several aspects of the legislation. Agudath Israel is a national Orthodox Jewish organization, with members and chapters across the country, and numerous divisions that advocate on behalf of the community's religious and civil rights, and that services its constituents with an array of charitable, social service and educational projects.

Agudath Israel applauds the bipartisan objective of the legislation – to ease the burden of moderate to low income families. Indeed, our members fall, in substantial measure, in those income brackets, and often find themselves financially strapped by the particularly high costs – including exorbitant religious school tuition expenses – of Orthodox Jewish life.

We turn now to provisions of the bill and offer the following observations and concerns that relate to individuals and institutions within our community. While it is generally the duty of the Conference Committee to reconcile differences between bills, it is our understanding that there may be reconsideration of some issues where current House and Senate legislation are in agreement. We therefore include those areas as well.

**Personal Exemptions:** As a community that is comprised of typically large families, we are deeply concerned over the elimination of deductions for personal exemptions, which have provided significant relief to our population. The elimination of this deductibility will have a dramatically negative effect on our community and we urge the Conference to retain this vital benefit.

**State and Local Taxes:** The Orthodox Jewish communities across the country are commonly situated in high taxed states – particularly in regard to property taxes – and the elimination of deductions for state and local taxes will hit our communities hard. The retention of a deduction of up to \$10,000 is helpful but we urge the Conference to provide even greater relief to these families.

**Qualified Tuition Reduction (QTR):** The QTR benefit helps Jewish schools to hire high quality teachers and staff at competitive salaries, helps teachers and staff with their tax

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liability and helps parents by keeping down tuition costs. As it is an enormously important source of assistance to the nonpublic school community, we urge the Conference to reject the House's repeal and adopt the Senate's retention of the benefit.

**Section 529 Plans:** Under both House and Senate bills, Section 529 education savings plans will be expanded to include various education costs, including private school tuition, on the elementary and secondary levels. We urge the Conference to retain this expansion, which will encourage parents to put away *their own money* so they can provide the most appropriate education for their children.

**Charitable Contributions/Standard Deduction:** The raise in the standard deduction will benefit many in the low to moderate income brackets. We are also gratified that the charitable deduction has been retained in the proposals. We share the concern, however, expressed by many in the nonprofit sector as to how this might eliminate the added incentive to contribute to charitable causes. We continue to strongly support an above-the-line deduction for charitable contributions.

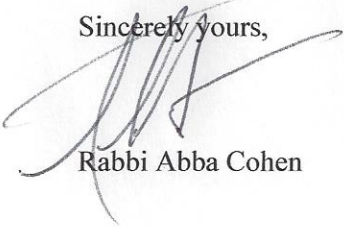
**Johnson Amendment:** Agudath Israel believes that the Johnson Amendment has insulated religious entities from the inevitable pressure they would face by getting involved in political campaigns. That has been a positive and desirable outcome for the integrity of the political process, and even more so for the autonomy of religious institutions. We therefore do not support the House's repeal of the Johnson Amendment.

**Child Tax Credit/Family Credit:** Agudath Israel has long been a proponent of tax assistance for children and families. Raising the credit amount and the income phase outs, and adding other qualifying dependents, in the way the Senate bill does, make it the more preferable of the two proposals. However, we must stress that the changes in the child and family credits in no way mitigate the devastating effects on our community that will be wrought by such changes as the elimination of the deductions for personal exemptions and for state and local taxes.

**Medical Expenses:** The effect of the tax bills on the deductibility of out of pocket medical expenses is on great concern to many in our community. Its limitation will not only have a detrimental effect on large families, but also on the elderly and disabled. As the House bill eliminates these deductions, we urge you to adopt the Senate version which retains and expands it for 2017-18 by reducing the threshold from 10% to 7.5%.

We thank you for considering our views in formulating this legislation.

Sincerely yours,



Rabbi Abba Cohen

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