



December 3, 2018

Internal Revenue Service
CC:PA:LPD:PR (Notice 2018-67), Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Dear Ms. Robbins and Mr. Carter:

On behalf of the National Association of State Comptrollers, we appreciate the opportunity to respond to the Internal Revenue Service's notice regarding the Calculation of Unrelated Business Taxable Income.

As requested, we offer the following feedback and comments in response to the notice:

We believe that clarity is needed on whether governments (state and local) are subject to unrelated business income tax (UBTI).

- Section 511(a)(2) notates entities defined in sections 401(a) and 501(c) and state colleges and universities are subject to UBTI. Governments are not defined under these sections and are also not mentioned in the Notice.
- Governments are defined as exempt from federal income tax under Section 115.
- Based on this, it would appear that governments are not subject to UBTI.

We request clarity regarding how employee provided parking is to be defined in regard to UBTI.

- What types of employee provided parking is included?
 - Employer provided parking lots and ramps at no charge?
 - General parking lots used for both client/customer/citizen parking and employee parking?
 - Employee parking funded through payroll deductions (both leased lots/ramps and employer owned)?
 - Leased parking ramps or parking lots supplied at no cost to the employee?
 - Leased parking spaces provided at no cost to the employee? High cost? Low cost?
 - Others?
- How is the UBTI taxable value of the employee provided parking defined in each category?
- What types of deductions are allowed against the UBTI taxable value for parking (the Notice notes Chapter 1 deductions and section 512(b)(12) are allowed against UBTI, but those are not clear for employee provided parking as (1) there is no associated operating income with cost against it and (2) by providing employee parking you are not operating as a trade or business – which is mentioned in Chapter 1 deductions)?



Without regulations from the Treasury Department and the Internal Revenue Service it is hard to determine what the tax liability (UBTI) is in regard to employee provided parking (if any). We would appreciate a recommendation of delay or repeal of implementation of the UBTI for employee provided parking.

We appreciate the opportunity to provide our comments. If you have any questions or comments, please contact Kim O’Ryan, NASC association director, at (859) 276-1147 or by email at koryan@nasact.org.

All the best,

A handwritten signature in black ink, appearing to read 'AS', with a long horizontal flourish extending to the right.

Alan Skelton
Georgia State Accounting Officer
President of NASC, 2018-2019