



**Committee on Catholic Education**  
3211 Fourth Street, NE, Washington DC 20017

**Aug 1, 2018**

The Honorable Steven Mnuchin  
Secretary of the Treasury  
United States Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, D.C. 20220

Dear Secretary Mnuchin:

I am writing to request that Treasury and the Internal Revenue Service (IRS) **preserve federal charitable income tax deductions for all tax credit scholarship donors** when proposing new regulations addressing the deductibility of state and local tax (SALT) payments for federal income tax purposes.

Catholic schools serve over 1.8 million children in the United States today, many of whom come from low-income families, keeping with Catholic schools' long-standing tradition of providing disadvantaged children with a top-quality education. According to statistics from the National Catholic Education Association, 86.5% of graduates from Catholic high schools attend college, compared to just 44% from public schools. Not only do Catholic schools motivate young people to succeed, but by providing a high-quality education at a lower cost per pupil, they save taxpayers an approximated 21 billion dollars per year. However, much of this would not be possible without the parental choice afforded by scholarship tax credit programs.

Approximately two dozen Catholic led scholarship granting organizations specifically work with state and local partners to distribute scholarships to children in need who seek better opportunities through Catholic education. These organizations rely on generous donors who are committed to serving children. Arizona created the nation's first tax credit scholarship program in 1997, and today over 250,000 students use tax credit scholarship programs in 18 states. Florida has America's largest state tax credit scholarship program, with over 100,000 students enrolled and a growing number each year.

The United States Conference of Catholic Bishops understands the need for Treasury to issue proposed regulations to assist taxpayers in understanding the relationship between the federal charitable deduction and the new cap on SALT deductions. We simply ask that any guidance promulgated pursuant to IRS Notice 2018-54 should exclude from the definition of "state-specified transferee" the scholarship granting organizations that receive funds pursuant to state tax credit programs that have been and will continue to be operated without the purpose of circumventing the newly enacted cap on SALT deductions. Categorizing scholarship granting organizations as state-specified transferees would jeopardize funding streams for programs that provide better educational opportunities to hundreds of thousands of American families nationwide.

Sincerely,

A handwritten signature in blue ink, reading "John M. Quinn". The signature is written in a cursive style with a large, stylized "J" and "Q".

Bishop John M. Quinn  
Chairman for Committee on Catholic Education, United States Conference of Catholic Bishops

Cc:

Chairman Kevin Brady, House Ways and Means Committee  
Chairman Orrin G. Hatch, Senate Finance Committee