



Please note as we are using 2 different mailing lists (ACM's & the Minnesota's Bookstore Charitable Gambling Organizations List - updated 6/22/02) for this IMPORTANT ACM Mailer you may receive multiple copies - **Please pass extra copies on to interested parties.**

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ACM Congressional ALERT - Call to Action

U.S. House Subcommittee Requests Written Public Comments On ACM's UBIT Bill - H.R. 2237

July 12, 2002

Dear Charitable Gambling Industry,

We are pleased to learn that Congressman **Amo Houghton**, Chairman, Subcommittee on Oversight of the Committee on Ways and Means, has announced that the Subcommittee is requesting written public comments for the record from all parties interested in **H.R. 2237**, ACM's Unrelated Business Income Tax (UBIT) Bill. *Obviously, we are hoping that this is a signal that the Committee on Ways and Means and the U.S. House of Representatives will seriously consider passing H.R. 2237 in 2002.* A copy of the announcement Advisory from the Committee on Ways and Means is on pages 2 & 3.

H.R. 2237, sponsored by Representative **Jim Ramstad**, was introduced in the United States House of Representatives on June 19, 2001 and seeks to amend the Internal Revenue Code of 1986 to provide that the conducting of certain games of chance shall not be treated as an unrelated trade or business (a copy of **H.R. 2237** can be found on the white insert enclosed). Co-sponsors of **H.R. 2237** are Representatives **Gil Gutknecht, Mark R. Kennedy, Betty McCollum, Martin Olav Sabo, Bill Luther, Collin C. Peterson, & James L. Oberstar** of Minnesota, and Representatives **Mike Rogers, Bart Stupak, David E. Bonior, & Dave Camp** of Michigan. This is the 5th time we have introduced our UBIT Bill in Congress (previously in 1993, 1995, 1997, & 1999) and this is the 1st time in the 10 years that the U.S. House of Representatives has taken any official action.

Currently, lawful gambling proceeds other than those derived from bingo are subject to "unrelated business income tax" (UBIT). Fortunately, the *current IRS UBIT policy* allows organizations to deduct their lawful purpose expenditures as business expenses. **Unfortunately, the IRS has left open the possibility that this current UBIT policy may be changed in the future.**

We have worked on this issue for 10 years because if the IRS changes its *current UBIT policy* and does not permit lawful purpose expenditures to be deducted as a business expense your organization will be liable for Unrelated Business Income Taxes on your charitable gambling proceeds other than those derived from bingo. Below are the Federal UBIT rates that would apply:

Over	But not over	Tax is	Of the amount over
\$0	\$50,000	15%	\$0
50,000	75,000	\$7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000

Obviously, paying UBIT of 15-34% on charitable gambling proceeds would dramatically effect the amount of money your organization would have available for charitable contributions. We estimate a change in the current IRS UBIT policy would reduce our charitable contributions in Minnesota by approximately \$17.5 million per year, robbing our communities of these much needed resources.

At this point we are very concerned that if **H.R. 2237** is not passed by Congress this year that the IRS will likely reverse the *current UBIT policy* early in 2003. Hopefully, you now understand why we need every organization and/or company involved in charitable gambling to submit written comments to Chairman Houghton in support of H.R. 2237. Send your written comments electronically to hearingclerks.waysandmeans@mail.house.gov and then fax the same to **202-225-2610** (see advisory on pages 2 & 3 for more detailed information). *If you can't send comments electronically we strongly recommend doing a letter and faxing it to the above number.* It will be maintained in the Committee files for review and use by the Committee, just not part of the printed record. A sample letter with some key points to be made to Congressman Houghton is printed on the back page.

(continued on back page)

Advisory
From The
Committee On
Ways And Means

(pages 2-3) go to:

http://www.house.gov/ways_means/oversite/107cong/ov-15.htm

H.R. 2237

(insert) go to:

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=107_cong_bills&docid=f:h2237ih.txt.pdf

(continued from front page)

We need you to respond by Friday, July 26, 2002. Remember we may not get this opportunity again. Only with your help can we be successful in codifying into tax law the current IRS UBIT policy.

Respectfully,

King Wilson

King Wilson, Executive Director

P.S. - If you are interested in seeing H.R. 2237 enacted into law in 2002 you must contact Congressman Houghton IMMEDIATELY! Please take the time to prepare your written comments and submit them AT ONCE.

July __, 2002

Honorable Amo Houghton
1111 Longworth House Office Building
Washington, DC 20515

Dear Congressman Houghton,

A brief letter/fax/e-mail in your own words and style making the key points below. Keep it short, simple, and to the point. Also, please be polite.

Key Points To Make

* Let him know that H.R. 2237 is important to you and your organization/company (make sure you mention how many members your organization/company represents). We need action now (this year) to ensure the IRS doesn't change its policy and start taxing licensed nonprofit organizations involved in charitable gambling in the future. Be clear that you and your organization/company strongly support H.R. 2237.

* It is definitely appropriate that UBIT exemption for bingo conducted by licensed non-profits should be expanded to include other "games of chance" such as pull-tabs, paddlewheels, raffles, tipboards, etc..

* It is very UNFAIR that non-profits involved in charitable gambling in 1 state, North Dakota, are exempted from UBIT, and that licensed non-profits in all other states doing similar activities are not.

* Tell him you would appreciate his support of H.R. 2237 and working to ensure that this important legislation be passed into law in 2002. Thank him for the opportunity to provide written comments.

Sincerely,

Name
Organization
Address, City, State, Zip
Phone Number

Send your written comments electronically to hearingclerks.waysandmeans@mail.house.gov and/or fax the same to **202-225-2610**

Convention & Expo Update

Due to a number of circumstances beyond our control the 2002 Convention & Expo Packet with General Information & Registration Form and Housing Information & Reservation Form for The 12th Annual Minnesota Lawful Gambling Convention & Expo being held November 21-22-23, 2002 at the Touchstone Energy® Place & Roy Wilkins Auditorium in Saint Paul, MN will not likely be sent out until August 2, 2002. Your patience and understanding is appreciated.



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**Congressional
ALERT 7/12/02**

