



## NATIONAL ASSOCIATION OF POLICE ORGANIZATIONS, INC.

*Representing America's Finest*

317 South Patrick Street. ~ Alexandria, Virginia ~ 22314-3501

(703) 549-0775 ~ (800) 322-NAPO ~ Fax: (703) 684-0515

[www.napo.org](http://www.napo.org) ~ Email: [info@napo.org](mailto:info@napo.org)

**EXECUTIVE OFFICERS** December 7, 2017

**MICHAEL McHALE**

**President**

*Florida Police Benevolent  
Association*

**JOHN A. FLYNN**

**Vice President**

*Patrolmen's Benevolent  
Association of New York City*

**TODD HARRISON**

**Recording Secretary**

*Combined Law Enforcement  
Associations of Texas*

**SCOTT HOVSEPIAN**

**Treasurer**

*Massachusetts Coalition  
of Police*

**MARC KOVAR**

**Sergeant-at-Arms**

*New Jersey State Policemen's  
Benevolent Association*

**CRAIG D. LALLY**

**Executive Secretary**

*Los Angeles Police  
Protective League*

**MARK YOUNG**

**Vice President,**

**Associate Members**

*Detroit Police Lieutenants &  
Sergeants Association*

**JAMES PALMER**

**Parliamentarian**

*Wisconsin Professional Police  
Association*

**WILLIAM J. JOHNSON, CAE**

**Executive Director and**

**General Counsel**

The Honorable Orrin G. Hatch  
Chairman  
Finance Committee  
United States Senate  
Washington, D.C. 20510

The Honorable Kevin Brady  
Chairman  
Ways and Means Committee  
United States House of Representatives  
Washington, D.C. 20515

Dear Chairman Hatch and Chairman Brady:

On behalf of the National Association of Police Organizations (NAPPO), I am writing to advise you of our serious concerns regarding Section 5001 of the Tax Cuts and Jobs Act (H.R. 1), which, if enacted, would subject certain investments of state and local governmental pension plans to the unrelated business income tax (UBIT).

NAPPO is a coalition of police unions and associations from across the United States that serves to advance the interests of America's rank-and-file law enforcement through legislative and legal advocacy, political action, and education. Founded in 1978, NAPPO now represents more than 1,000 police units and associations, 241,000 sworn law enforcement officers, and more than 100,000 citizens who share a common dedication to fair and effective crime control and law enforcement.

State agencies are Constitutionally exempt from taxation and the application of Section 5001 to government sponsored retirement plans erodes the immunity states and the federal government each enjoy for taxation by the other. If Section 5001 is adopted by the conference committee, it will seriously diminish overall investment returns which are used to pay benefits to the hard-working first responders who dedicated their lives to protecting our nation's communities.

Investment earnings pay for approximately two-thirds of state and local government pension benefits, which are taxed when distributed to participants across virtually every state, city, and town in the United States. Subjecting public plans to UBIT will not only result in diminished investment returns, but it will also set a dangerous precedent for taxation of state entities, and will ultimately increase costs to taxpayers as states and localities must make up for the funding shortfalls caused by the tax.

Therefore, NAPPO urges you to remove the application of Section 5001 to state and local retirement systems. If we can provide any assistance, please feel free to contact me at (703) 549-0775. Thank you for your consideration of this important issue.

Sincerely,

William J. Johnson  
Executive Director