Side by Side Analysis of House and Senate Tax Bills

Provision	Current Law	House	Senate	Impact
Charitable giving	30% of taxpayers itemize their tax returns and could benefit from charitable donations	Doubles standard deduction. Only 5% of households would be able to deduct their charitable donations	Same as House	4.7% reduction in gifts according to Independent Sector study. ***For UC Berkeley, this would be a loss of $22.6 million annually.***
Estate Tax	Only estates greater than $5.49 million pay the estate tax. It affects about 5,000 families a year.	The House bill repeals the estate tax after six years (starting in 2024) and doubles the current exemption.	The Senate bill doubles the estate tax exemption to $11 million.	According to a Brookings Institution report, eliminating the estate tax would result is **37% reduction** in charitable giving. ***UC Berkeley estimates that this would result in a loss of $21.5 million annually in planned estate gifts.***
College Athletic Event Seating Rights	There is a special rule that provides a charitable deduction of 80 percent of the amount paid for the right to purchase for athletic events.	Repeals it.	Same as House	***Cal Athletics receives at least $11 million annually for seating rights.***
Executive Compensation	N/A	House bill subjects tax-exempt organizations to a 20 percent excise tax on compensation	Same as House	UC Berkeley has two coaches who have salaries (with benefits) higher than $1 million. ***We estimate the impact would be $1.24***

		(including benefits) in excess of $1 million paid to any of its five highest paid employees for the tax year.		***million annually.***
State and Local Tax (SALT) Deduction	Since 1913, taxpayers have been able to deduct state and local taxes from their federal taxes.	The House bill would eliminate the deduction for state and local income taxes and sales taxes. State property tax deductions are capped at $10,000.	Senate bill eliminates all deductions for SALT.	The fiscal impact of the SALT deduction is unknown, but it would have a negative effect on UC's ability to receive additional state resources. For example, Prop. 30 was a sales and income tax increase to give additional funding to UC. If voters are essentially taxed twice on any proposed state sales and income tax, it will be very difficult to raise taxes and revenue. This provision affects high tax states (CA, IL, NY and NJ).
Unrelated Business Income Tax (UBIT)	Special income tax imposed at the normal corporate tax rates on net income earned from a trade or business that is unrelated to	The House bill would repeal the UBIT exemption for income derived from the public pension plans of government sponsored entities.	The Senate bill makes several changes to UBIT. Any sale or licensing by a tax-exempt organization if its names or logo would be treated as	Making UC's Retirement Plan (UCRP) subject to UBIT will significantly reduce the assets held by UCRP for distribution of pension benefits. UCRP would be subject to new tax liabilities, ***costing millions of dollars***

	the organization's exempt purpose		unrelated trade and royalties paid with respect to such licenses would be subject to UBIT. Tax-exempt organizations would be required to calculate separately the net unrelated taxable income of each unrelated trade or business.	***each year***, which will have a drastic impact on UC's pension funds, and will negatively impact both the ability of UC to provide pension benefits and also to recruit the best faculty and staff. UCOP has not yet calculated the fiscal impact of name and logo royalties and separately computing UBIT.
Tax-Exempt Bonds	Interest on private activity bonds is excluded from gross income, subject to certain requirements	Repeals the exclusion.	No changes to current law	The House bill would repeal the tax-exemption on private activity bonds. This may have an impact in our ability to engage in P3 deals because it will be reduce the attractiveness of P3 deals to developers and the number of partners that would want to engage with us. It would also make the deals more expensive with less net cash flow back to campus.
Qualified Tuition Reduction	Section 117 (d) allows institutions to provide tax-free	Repeals the exclusion.	No change from current law	The additional taxable amount paid to graduate students at Berkeley is

	undergraduate-level tuition waiver or reimbursements (for study at schools with reciprocal agreements) to employees, spouses and dependents. It also allows tax-free tuition of individuals employed as graduate-level teaching and research assistants.			expected to be more than $150 million annually, based upon 2016-17 amounts. UC Berkeley grad student Vetri Velan found that a teaching assistant at Berkeley who earns about $24,000 in 2017 would see his or her tax bill jump from $2,229 under current law to $3,641 under the House plan - a 63 percent spike.
Student Loan Interest Deduction	Taxpayers may take an above-the-line deduction on the deduction on the interest paid on qualified education loans. Phase-out: The maximum deduction is $2,500, but phases out ratably between $65,000 and $80,000 ($135,000 and $165,000 for joint filers) in 2017.	Repeals the deduction.	No change from current law.	We estimate that the loss of $2,500 of student loan interest deductions would impact our out-of-state undergraduate students who take out large loans and our graduate and professional students. The average debt of a UC Berkeley Law graduate is $150,000, which would result in $5,521 in interest payments each year.
Employer-	Under current law,	Repeals exclusion.	No change from	Repealing this provision will

Provided Education Assistance	employer-provided education assistance is excluded from income, limited to $5,250 per year.		current law.	reduce the opportunities for employees to attend college. Vice Provost Doyle knows of a few cases, but it is not widely used.
American Opportunity Tax Credit (AOTC)	The AOTC is a credit for qualified education expenses paid for an eligible student for the first 4 years of higher education. The maximum AOTC is $2,500 per eligible student: 100% of first $2,000 of qualified education expenses ("QEE") paid; 25% of the next $2,000 of QEE. ○ If the credit brings the amount of tax owed to zero, 40% of the remaining credit (up to $1,000) is refundable. Phase-out: The credit phases out ratably for taxpayers with modified	The House bill consolidates the American Opportunity Tax Credit (AOTC) and the Lifetime Learning Credit (LLC) and the Hope Scholarship Credit into a revised AOTC. The new AOTC would still provide a 100 percent tax credit for the first $2,000 of certain higher education expenses and a 25 percent tax credit for the next $2,000 of such expenses. AOTC would cover the same expenses as before and would be available for a fifth year of post-secondary education	No changes to AOTC, Lifetime Learning Credit or Hope Scholarship.	UC Berkeley estimates that about 16% of our undergraduates may qualify for the AOTC (5,000 students annually). We do not track how many have taken advantage of the LLC or Hope Scholarship.

	adjusted gross income ("AGI") AGI between \$80,000 and \$90,000 (\$160,000 and \$180,000 for joint filers) in 2017.	at half the rate as the first four year, with up to \$500 of such credit being refundable. The LLC and Hope Scholarship Credit help our middle-class families and non-traditional students afford college.		