



# National Association of Federally Impacted Schools

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October 11, 2018

Mr. David J. Kautter, Acting Commissioner  
Internal Revenue Service  
1111 Constitution Ave, NW  
Washington, DC 20224

RE: Comments to Docket ID: IRS REG-112176-18  
Proposed Rule on Contributions in Exchange for State or Local Tax Credits

Dear Acting Commissioner Kautter:

On behalf of the National Association of Federally Impacted Schools (NAFIS), we write in response to the request for public comment on the Internal Revenue Service's (IRS) Proposed Rule on Contributions in Exchange for State or Local Tax Credits (REG-112176-18).

NAFIS represents the 1,200-plus Impact Aid-recipient school districts nationwide that educate more than 10 million students. Impact Aid is designed to reimburse public school districts for a loss of local revenue due to the presence of nontaxable federal property such as military installations, Indian Trust, Treaty, or Alaska Native Claims Settlement Act lands, federal low-income housing facilities, national parks and laboratories. Congress has recognized since 1950 that the federal government has a unique obligation to help meet the local responsibility of financing public education in these communities.

NAFIS supports the elimination of a federal income tax shelter that allows taxpayers to profit from combined state and federal tax credits by donating to state tuition tax credit programs to fund private schools. A majority of our nation's students attend public schools, and taxpayer dollars should be used to fund public schools rather than incentivizing tax advantaged funds to tax credit scholarship programs that divert these dollars to private schools. Any action that would enable the continuation of this system would be unfair to taxpayers across the nation. A federal deduction intended to reward charitable giving should not be exploited by taxpayers to turn a profit for themselves from their donations to tax credit programs.

The proposed IRS regulation would eliminate federal tax deductions for both charitable donations to public service entities and donations to private schools. If the IRS issues a final regulation that eliminates or reduces the charitable deduction for donors who benefit from state tax credits, then that regulation should apply with equal force to those who donate to private schools. We urge you to reject the establishment of a special tax carveout for private school donations, which would adversely impact our nation's public school students, public school districts, and communities.

## THE NAFIS FAMILY

### **MISA**

Military Impacted  
Schools Association

### **NIISA**

National Indian Impacted  
Schools Association

### **FLISA**

Federal Lands Impacted  
Schools Association

### **MTLLS**

Mid-to-Low-LOT  
Schools

We appreciate the opportunity to provide input on this proposed rule. Please reach out to us with any questions.

Sincerely,

A handwritten signature in black ink, reading "Hilary Goldmann". The signature is fluid and cursive, with the first name "Hilary" being more prominent than the last name "Goldmann".

Hilary Goldmann  
Executive Director

A handwritten signature in black ink, reading "Jocelyn Bissonnette". The signature is fluid and cursive, with the first name "Jocelyn" being more prominent than the last name "Bissonnette".

Jocelyn Bissonnette  
Director of Policy & Advocacy