



In this week's Tax Credit Tuesday Podcast, Michael J. Novogradac, CPA, shares some news about disaster tax relief legislation and new markets tax credit permanence legislation. Next, he talks about how the Department of Education is planning to spur investments in charter schools in conjunction with opportunity zones. He also has an update on the status of tax extenders in Congress and a new energy storage investment tax credit bill. Then, he briefly shares some IRS plans to issue guidance on the low-income housing tax credit, historic tax credit and new markets tax credit. He also provides an update on the amount of qualified equity investment issuance that has been finalized through the new markets tax credit. After that, he talks about state incentives to drive opportunity zones and historic tax credit investments.

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GENERAL NEWS

Disaster Tax Relief Act of 2019

- Now starting on the new legislation front, Republican Midwesterners in Congress have introduced legislation to help people and businesses affected by federally declared disasters that occurred between Jan. 1 and Jan. 15 of this year.
 - This is targeting principally Midwestern states hit by winter storms and flooding.
- Now the bill, the Disaster Tax Relief Act of 2019 was introduced in the Senate by Senate Finance Committee Chairman Chuck Grassley of Iowa and Sens. Joni Ernst of Iowa, Deb Fischer of Nebraska and Ben Sasse of Nebraska.
- A companion bill was introduced in the House by House Ways and Means Committee Member Adrian Smith, a Republican from Nebraska.
- Now there were no disaster tax credit related provisions in the bill, as introduced.
- That said it is possible that the House will add such provisions when considering the legislation.
- This legislation's not likely to be a vehicle for extenders at the moment.
- I will note though that the Grassley-Wyden disaster relief bill introduced two months ago in February combined extenders and disaster tax relief.
- It's possible that these two disaster tax bills could be combined at some point in the future.

NMTC Extenders Bill

- And while we're on the subject of extenders, and as a follow up to the fly-in that was held in D.C. last week, the New Markets Tax Credit Extension Act of 2019 has some new cosponsors.
- The Senate version is now co-sponsored by:
 - Republicans John Boozman of Arkansas and Martha McSally of Arizona.
 - And Democrats Catherine Cortez Masto of Nevada and Patty Murray of Washington.
- This brings the total number of cosponsors to 17.
- Now the House version of the bill brought on six more cosponsors last week.
 - Democrats Scott Peters of California and Chellie Pingree of Maine.
 - As well as Republicans Brian Fitzpatrick of Pennsylvania, Gus Bilirakis of Florida, Steve Chabot of Ohio and James Baird of Indiana.
- The total cosponsors for the House bill has reached 38.
- Now it's great to see such strong bipartisan support for making the new markets tax credit (NMTC) permanent.
- And we'll provide additional updates in future podcasts.

Opportunity Zones and Charter Schools

- You may recall that last week, I touched on how various federal agencies are adjusting:
 - certain programs,



- grant applications and
- other resources to align with the opportunity zones incentive.
- Well the heads of those agencies discussed their plans at the inaugural meeting of the White House Opportunity and Revitalization Council.
- Now at that meeting, Education Secretary Betsy DeVos for example, said that opportunity zones could help develop more charter schools.
- Well, fast forward, the Department of Education has announced it will accept comments on a proposed rule to encourage opening and expanding charter schools in opportunity zones.
- The federal government would give opportunity zones-based charter schools a competitive scoring advantage and would give them more time to line up financial assistance.
- Now comments on the proposed rule are due to the Department of Education by May 6.
- I also invite you to share any comments you want to make with the Opportunity Zones Working Group.
- I'll include the working group's email address in today's show notes.

Tax Extenders

- Now, let's go into a little bit more detail on tax extenders.
- House Ways and Means Committee Member Bill Pascrell of New Jersey told Tax Notes last Tuesday that Ways and Means members will meet sometime after their two-week recess, that's the recess that started this week, they're going to meet after their two-week recess to discuss extenders.
- Now Rep. Pascrell said that Joint Committee on Taxation Chief of Staff, Thomas Barthold, would likely be invited to the meeting.
- Now this meeting is going to be a closed-door meeting, and during this meeting, they're going to go through, we expect, extenders line by line to determine each provision's benefit and the merit of extending it.
- Now I'll keep you updated on extenders in future podcast episodes.

Energy Storage Bill

- On the new tax credit bill front, House members introduced legislation last week to make energy storage technology, think batteries, eligible for the investment tax credit (ITC).
 - Now this is the third straight session of Congress in which the legislation was introduced.
 - The bill would add energy storage to what's eligible for the ITC.
 - I'll note, the bill would not change the phasedown of the ITC.
 - Supporters of the bill include the Solar Energy Industries Association, the American Wind Energy Association and the Energy Storage Association.
 - Advocates for the bill note that an energy storage tax credit would encourage more investment in clean energy and would make electricity supply more affordable and perhaps more importantly, reliable.



Other News

- Turning to some other news out of Treasury, the Treasury Department last week released its quarterly update to the 2018-2019 Priority Guidance Plan.
 - Now the plan is the list of guidance projects that the IRS hopes to complete during their 12-month annual period of between July 1, 2018, through June 30, 2019.
 - Now there are 239 projects in the plan.
 - That said, many have already been addressed.
 - Now the IRS' priority projects do include:
 - guidance for the low-income housing tax credit (LIHTC) average-income test, that would be welcome,
 - Guidance on the use of the historic tax credit (HTC) for disaster relief, welcome as well.
 - As well as clarification on rules for the NMTC,
 - And then there's obviously a lot more projects still in the pipeline.
 - Now the IRS does invite public comments as it develops future guidance priorities.
 - If you have any suggestions for future guidance projects, please send them to the Opportunity Zones Working Group, if it applies to opportunity zones, the LIHTC Working Group, if it applies to tax credits for affordable housing, the NMTC Working Group for community development related and Renewable Energy Working Group for renewable energy tax credit related matters.
 - Each of these Novogradac-led groups submit comments to the IRS every year with respect to the priority guidance plan.
- In community development news, the CDFI Fund recently released its latest qualified equity investment issuance report.
 - As of the April 5 release, the amount of qualified equity investment remaining to be issued is more than \$2.2 billion.
 - Though most of that's been soft circled.
 - About \$140 million of allocation was issued last month.
- Now a link to the report is in today's show notes.
- Also, don't forget to register for the upcoming Novogradac 2019 New Markets Tax Credit Spring Conference.
- It'll be in Washington, D.C., as usual.
 - It's held this year and every year.
 - It'll be on June 6 and 7.
- Moving now to news about state efforts to drive private investment into local communities.
- A bill was introduced in Louisiana that would provide a tax credit for up to 50 percent of eligible construction costs for manufacturing businesses in opportunity zones.
 - That's right, 50 percent.
 - The credit would have a project cap of \$1 million and the statewide cap would be \$10 million over five years.
 - Now this would obviously create an incentive to build manufacturing facilities in Louisiana opportunity zones.



- Meanwhile, in Maryland, a bill that would make opportunity zones businesses eligible for six other state tax credit incentives awaits the signature of Gov. Larry Hogan.
- The bill would also extend the state HTC program for two years.



RELATED RESOURCES

Disaster Tax Relief Act of 2019

[Bill Text](#)

[Bill Summary](#)

Opportunity Zones and Charter Schools

[Proposed Priorities, Requirements, Definitions, and Selection Criteria—Expanding Opportunity Through Quality Charter Schools Program; Grants to Charter School Developers for the Opening of New Charter Schools and for the Replication and Expansion of High-Quality Charter Schools \(Federal Register, April 4, 2019\)](#)
[Submit comments to the Novogradac Opportunity Zones Working Group](#)

Energy Storage ITC Bill

[Energy Storage Tax Incentive and Deployment Act of 2019](#)

IRS 2018-2019 Priority Guidance Plan

[Second-quarter update to 2018-2019 Treasury Priority Guidance Plan](#)

QEI Report

[NMTC Qualified Equity Investment Report, April 5, 2019](#)

Louisiana Bill

[Louisiana H.B. 274 to provide opportunity zones tax credit](#)

Maryland Bill

[Maryland S.B. 581 to add opportunity zones incentives, extend state historic tax credit](#)

Novogradac 2019 Opportunity Zones Spring Conference

[Novogradac 2019 Opportunity Zones Spring Conference Registration](#)