



In this week's Tax Credit Tuesday Podcast, Michael J. Novogradac, CPA, discusses how the Office of Management and Budget might try to roll back billions of dollars from the recent omnibus spending bill. He also discusses a new framework for reviewing tax regulations. Then, he touches briefly on a Ways and Means roundtable discussion on expiring tax provisions. After that, he outlines a new executive order on work reforms for welfare and housing assistance programs. After that, he shares some brief news from HUD on the CDBG disaster recovery program and on Choice Neighborhood planning grants. He also provides an update on rural housing preservation legislation and a quick update on how the renewable energy production tax credit influences national and global wind power capacity.

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GENERAL NEWS

OMB Omnibus Proposal, Tax Regulatory Review

- In general news, the Office of Management and Budget, or OMB, may try to reopen the fiscal year 2018 omnibus spending bill.
- Politico reported that administration officials expect OMB Director Mick Mulvaney to release on May 1 a proposal cutting billions of dollars from the omnibus.
- Now I'll have more details on that as they emerge in the weeks ahead.
- But while we're discussing OMB, OMB last week released a new framework for reviewing tax regulations.
- This new framework will affect regulations implemented under the tax reform bill.
 - A bill often referred to by the former title, the Tax Cuts and Jobs Act.
- Now in the past, tax regulations were mostly exempt from cost-benefit analysis and evaluation typically required by OMB.
- Now, though, OMB, their review is going play a greater role in reviewing in assessing federal tax regulations and there's likely going to be tradeoffs from this greater role that OMB will be playing.
- Now on one hand, this increased oversight could enhance transparency and accountability.
- On the other hand, that possibility does come at a cost.
 - It will take longer for regulations to be implemented.
- Treasury Secretary Steven Mnuchin said that the updated framework would increase scrutiny of regulations most likely to impose new costs, while at the same time preserving Treasury's ability to ensure taxpayers receive timely and clear guidance.
- I'll keep you updated in future podcasts as it becomes more clear how this new review process will affect specific provisions of the tax reform legislation.

Expiring Tax Provisions Roundtable

- And while we're on the topic of tax legislation, Tax Notes reported that the future of expired tax provisions is going to be discussed in a private roundtable by members of the House Ways and Means Tax Policy Subcommittee tomorrow, Wednesday.
- I'll report back on any notable news from those discussions in next week's podcast.
- And if conditions warrant, I'll send out a tweet as well.

Executive Order on Work Reforms

- In other news, we expect that HUD is going to release a legislative proposal on rent reform.
 - And we expect the release sometime soon.
- Now we expect this release is going to address ideas, such as
 - Time limits,
 - Increased tenant rent contributions,
 - Minimum rent levels
 - And other topics, including work requirements.
- On the topic of work requirements, President Donald Trump last Tuesday signed an executive order on work reforms.



- The White House announcement said that adding or enforcing work requirements for able-bodied adults that are receiving government assistance will help millions of Americans become more self-sufficient.
- This executive order called on HUD and certain other federal agencies to review their public assistance programs to determine whether enforcing a work requirement would be consistent with federal law, as well as the principles of the executive order.
- Based on that review, agencies are asked to submit a list of recommended regulatory and policy changes.
 - This list is supposed to be submitted to the Office of Management and Budget within 90 days of the executive order.
- Then 90 days after submitting the list to OMB, agencies must take steps to implement their work requirement recommendations.
- Within 90 days of the order, agencies must also submit a report to the president on how they are ensuring that no unqualified aliens are receiving federal benefits.
 - In that same report, agencies must outline which of the programs they administer that do prevent aliens from receiving federal benefits and which programs don't.
- One other line in the order that I want to mention and I want to call attention to, is a statement that said, and I quote, "reduce wasteful spending by consolidating or eliminating federal programs that are duplicative or ineffective." Close quote.
- Housing advocates argue that critical housing assistance programs are already underfunded and this sentence suggests there could be additional reductions in funding.
- Housing advocates note that to make further cuts or to eliminate some programs completely would only serve to significantly worsen the affordable housing shortage.
- Furthermore, there's a danger that some policymakers might not fully understand the differences between various housing assistance programs and they could think they're the same or duplicative, when in fact, they are not.
- Now if you're interested, you can find a link to the executive order in today's show notes, as well as my Twitter feed.



OTHER NEWS

- In other news, HUD news, last week, HUD announced \$28 billion in long-term disaster recovery aid.
 - That's right. \$28 billion.
- The Community Development Block Grant Disaster Recovery funds were awarded to nine states, as well as Puerto Rico and the U.S. Virgin Islands.
- Now these funds will address housing, business and infrastructure damage from major disasters since 2015, including hurricanes Harvey, Irma and Maria in 2017.
- Meanwhile, HUD also announced that it will make up to \$5 million available through fiscal year 2018 Choice Neighborhoods planning and action grants.
- Now the funds will help transform neighborhoods around severely distressed public housing or HUD-assisted housing.
- Now applications for the \$5 million are available at www.grants.gov and they're due June 12th.
- Let's turn now to affordable housing legislation.
- Two identical bills were introduced in Congress to extend and expand the USDA Rural Development rental assistance programs.
 - These bills would decouple the Rural Development Section 521 rental assistance from the program's mortgage programs.
 - Now among the bills' many provisions is one that would direct the Secretary of Agriculture to ensure that the Rural Development policies more closely align with the low-income housing tax credit (LIHTC) program.
 - Now I've included links to the bills with today's show notes and my Twitter feed.
 - I should also note, there are two bills because there's one in the House and one in the Senate.
- Let's touch briefly on renewable energy now.
- New projections show that global wind power capacity will double by the year 2027, and it notes that the federal production tax credit (PTC) plays a key role in the first few years.
 - The projections are from MAKE Consulting.
 - They say that wind power additions will average 65 gigawatts a year over the next decade, a 4 percent compound annual growth rate.
 - The report says that the biggest jump in that growth is going to come between now and the year 2020.
 - After that date, the PTC phases out and the growth isn't nearly as great.
 - While the global capacity will continue to grow after that, growth in the United States is expected to actually decrease after the PTC is phased out.
 - Once again, this is another reminder of the significance of the PTC in the development of renewable and sustainable power in the United States.



RELATED RESOURCES

OMB Tax Regulatory Review Framework

Memorandum of Agreement: The Department of the Treasury and the Office of Management and Budget Review of Tax Regulations under Executive Order 12866

Executive Order on Work Reforms

Executive Order Reducing Poverty in America by Promoting Opportunity and Economic Mobility

CDBG-DR

HUD Awards \$28 Billion in CDBG-DR Grants to Nine States, Puerto Rico, U.S. Virgin Islands

FY 2018 Choice Neighborhoods NOFA

FY 2018 NOFA home page

Rural Housing Preservation Act of 2018

H.R. 5352

S. 2574

Tax Reform Resource Guide

2018 Novogradac Tax Reform Resource Guide

Tax Reform Webcast

5 Ways Investors Can Capitalize on Tax Reform in 2018