



In this week's Tax Credit Tuesday Podcast, Michael J. Novogradac, CPA, talks about the budget and debt limit agreement becoming law and what's next for Congressional appropriators. He also discusses the status of the Senate Finance Committee's tax extenders task forces and when their findings might be released, as well as what Democrat presidential candidates have to say about affordable housing and renewable energy. He closes out with an update on the new Congressional district fact sheets from the ACTION Campaign and a legal opinion on the state historic tax credit from the Arkansas Department of Finance and Administration.

Summaries of each topic:

1. General News (2:00-12:25) Pages 2-5
 - a. Budget, Debt Limit Legislation Enacted (2:00-4:34)
 - b. Tax Extenders Task Forces (4:35-7:11)
 - c. Democratic Candidates on Housing, Energy (7:12-12:25)
2. Other News (12:26-13:48) Page 6
3. Related Resources Page 7

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GENERAL

Budget, Debt Limit Legislation Enacted

- The budget bill is now law.
- The U.S. Senate passed an agreement last Thursday to suspend the debt limit through July 2021 as well as provide \$1.3 trillion for discretionary defense and domestic spending for the next two years.
- The Senate passed the legislation with a vote of 67-28, that's after the House approved the agreement a week earlier.
- President Donald Trump then signed the bill into law last Friday.
- Now as I mentioned in last week's podcast, the defense spending cap will be nearly \$667 billion and the nondefense spending cap will be about \$622 billion.
- That's for fiscal year 2020, which begins Oct. 1, 2019.
- And then the following year, for fiscal year 2021, defense spending and nondefense spending will each be about \$5 billion higher.
- That means about \$672 billion for defense spending and \$627 billion in nondefense spending.
- The agreement is an important, but not final, step toward preventing a government shutdown Oct. 1.
- I say that because Congressional appropriators still need to decide how the funds should be allocated through individual spending bills.
- The House has passed 10 of the 12 annual spending bills based on assumed nondefense spending levels that were higher than those approved in the budget legislation.
- Appropriation work has begun in the Senate and is expected to continue through the August recess.
- The first Senate Appropriations Committee votes on the fiscal year 2020 bills is expected on Sept. 12.
- The budget deal is a result of lengthy negotiations between House Speaker Nancy Pelosi and the Trump administration.
- Treasury Secretary Steven Mnuchin had long warned lawmakers that they need to take swift action to prevent the government from running out of money and defaulting on its debts.
 - Secretary Mnuchin had said that the government could run out of cash as early as September.
- The legislation puts off the debt limit crisis for another two years.
- This agreement also spells out the end for sequestration under the Budget Control Act or BCA.
- As you may remember, the Budget Control Act of 2011 imposed strict spending caps between the years 2013 and 2021.
 - Over the years, lawmakers have repeatedly passed several two-year budget deals that increased spending over the BCA budget caps.
 - This was in order to avoid spending cuts across the board.
- The new budget deal waives those caps and sets the budget through 2021, when the discretionary spending caps under the Budget Control Act would expire.



Tax Extenders Task Forces

- One matter the budget deal and debt deal did not address was tax extenders.
- Supporters of tax extenders had hoped that must-pass legislation, like the budget and debt deal, would be a vehicle to extend expired and expiring tax provisions.
- Senate Finance Committee Chairman Chuck Grassley of Iowa told reporters last Thursday he expects the tax extender task force reports to be made public soon, this is according to Politico.
- Chairman Grassley and Ranking Member Ron Wyden of Oregon created bipartisan task forces in May comprised of Senate Finance Committee members.
- The task forces each have different focuses and those focus areas include:
 - Employment and community development, that's one,
 - Health is one,
 - a third one is energy,
 - fourth one, business recovery, and
 - Fifth, individual, excise and other temporary policies.
- An additional group will focus on disaster tax relief.
- These task forces are examining and will report on 42 temporary tax provisions.
- The purposes of the task forces' report is to help inform long-term policies for those provisions.
- The tax provisions under consideration are ones that expired or will expire between Dec. 31, 2017, and Dec. 31, 2019.
- Yes, that includes the new markets tax credit, which is scheduled to expire at the end of this year.
- The new markets tax credit will be examined by the employment and community development task force.
- Fortunately, that task force is headed by and filled with strong supporters of the new markets tax credit.
- The co-leads of the employment and community development task force are also original cosponsors of the New Markets Tax Credit Extension Act:
 - Namely, Republican Sen. Rob Portman of Ohio and
 - Democratic Sen. Maria Cantwell of Washington.
- Other members of the employment and community development task force are:
 - Republicans Tim Scott of South Carolina, James Lankford of Oklahoma and Todd Young of Indiana, and
 - On the Democratic side, Democrats Ben Cardin of Maryland, Sherrod Brown of Ohio and Catherine Cortez Masto of Nevada.
- Sen. Cardin is the lead Senate Democrat cosponsor of the new markets tax credit extension bill, and Scott, Brown and Cortez Masto are also cosponsors.
- Chairman Grassley said on Thursday, I should note, that he had received four of the task force reports and did expect to distribute them publicly soon.
- We will, of course, post the reports on the Novogradac website as soon as they're available.
- I'll also tweet them out and, of course, detail them for you in a future podcast.

Democratic Candidates on Housing, Energy

- So let's switch gears now.



- I want to highlight some of the issues that are getting attention in the Democratic presidential race.
- Some candidates have already released legislation and other plans over the past few months that address issues, such as affordable housing.
- For example, Sen. Elizabeth Warren of Massachusetts introduced a bill this Congress that calls for a \$500 billion federal investment in new affordable housing over 10 years.
- Not to be outdone, Sen. Cory Booker of New Jersey plans to give financial incentives to local governments to encourage eliminating zoning laws that limit affordable housing construction.
 - Sen. Booker, Sen. Kamala Harris of California and former HUD Secretary Julian Castro each have proposals, high-cost proposals, for a renters' tax credit.
- Castro has an expansive affordable housing platform available online and it has several components.
- It calls for a 50 percent expansion of the low-income housing tax credit, for instance, and calls for making housing vouchers for very low-income households an entitlement.
- Sen. Amy Klobuchar of Minnesota, also a presidential candidate, also released her affordable housing platform online, and it does include a focus on rural housing.
- Affordable housing was a key issue during the second round of debates, held last week over two nights.
- Not surprisingly, Castro did say that as president he would follow up on the work he did at HUD.
 - Castro said he would invest in affordable housing and would work to restore the fair housing initiatives he helped implement during his time at the agency.
 - Castro said that rent is going through the roof and that people shouldn't have to leave their neighborhoods to accomplish their dreams.
- Former Vice President Joe Biden spoke about housing in the context of criminal justice reform.
- Vice President Biden said that when inmates get out of prison, they should have access to resources that will help them become better citizens—resources that include public housing.
- Now turning to New York City Mayor Bill De Blasio, he was asked about what he would do to address elevated levels of lead in some public housing.
- De Blasio said that the federal government has been disinvesting in public housing for decades.
- The New York mayor said he would eradicate lead in New York City public housing and across the country.
- Renewable energy was also an important talking point for candidates.
- On the first night of the debate, Sen. Bernie Sanders of Vermont said the country needs to transform the energy system away from fossil fuel to energy efficiency and sustainable energy.
- And not to be outdone, Washington Gov. Jay Inslee said in his opening statement that his goal is 100 percent clean energy for Americans and to create 8 million union jobs.
- Former Vice President Biden said he has a plan to invest \$400 billion into clean energy technology to create 10 million jobs.
 - Biden said he would double offshore wind and would end any subsidies for coal and other fossil fuels.



- Sen. Harris, on the other hand, said she would re-enter the Paris agreement and work to make America carbon neutral by the year 2030.
- Moderators asked Sen. Kirsten Gillibrand of New York about her co-sponsorship of the Green New Deal.
- Gillibrand said that the Green New Deal is about rebuilding infrastructure and investing in green jobs.
- She also said she would put a price on carbon to make market forces benefit green energy.
- Rep. Tulsi (TUHL-see) Gabbard of Hawaii is not a cosponsor of the Green New Deal, but she did say that she introduced her own climate change legislation long before the Green New Deal.
- Gabbard said her plan included ways to transition off of fossil fuels, to invest in renewable energy, to invest in workforce training and to invest in infrastructure.
- Sen. Booker said the United States needs to be a leader in addressing climate change.
- As the Democratic presidential race continues, I'll keep you updated in future podcasts on ways candidates plan to address issues, such as affordable housing, community development and renewable energy.
- If you're interested in learning more about tax incentive policies, I encourage you to register for one or more of our upcoming Novogradac conferences.
- Each of our conferences includes a special panel dedicated to the latest legislative and regulatory news from Washington, D.C.
- We have six conferences lined up this fall.
- Starting in September, we'll have a historic tax credit conference in St. Louis.
- In October, we'll have:
 - An affordable housing and bond financing conference in New Orleans,
 - A new markets tax credit conference in Austin, Texas, and then
 - An opportunity zones conference in Chicago.
- In November, we'll have our financing renewable energy tax credits conference in Washington, D.C.
- And, we'll finish out 2019 with a tax credit housing finance conference in Las Vegas.
 - That would be in December.
- Now, you don't need to memorize all those events and cities that I just mentioned.
- You can visit our Novogradac events web page for more information.
- You'll find dates, locations, agendas and more.
- You can also register for conferences on our website.
- I'll include a link to our upcoming conferences page in today's show notes and I'll tweet the link as well.



Other News

- Turning to other news, the ACTION Campaign has updated its fact sheets for each Congressional district.
 - These fact sheets show the impact of the low-income housing tax credit within each Congressional district.
 - The fact sheets include:
 - The number of homes developed or preserved,
 - The jobs supported for a year,
 - The tax revenue generated, and
 - The wages and business income generated in each district by the low-income housing tax credit.
 - These fact sheets are great tools to help you advocate with members of Congress.
 - I'll include a link to the ACTION campaign's page in today's show notes.
- In state-level news, the Arkansas Department of Finance and Administration released a legal opinion last week that the state historic tax credit cannot be taken against two different taxes.
 - A taxpayer had asked whether the state credit could be taken against both the state income tax and the state insurance premium tax.
 - The taxpayer also asked whether or not a church that was being rehabilitated could qualify as both income producing and non-income producing.
 - Well, the Department of Finance opinion won't come as much of a surprise.
 - They said that the state tax credit could be taken against only one tax and the property could only qualify as either income producing or non-income producing, it could not qualify for both.
 - The opinion isn't surprising and is unlikely to affect investment in the state much, but it does give clarity for those who were waiting for it.



RELATED RESOURCES

Budget, Debt Limit Deal

[The Bipartisan Budget Act of 2019 \(H.R. 3877\)](#)

Novogradac Conferences

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ACTION Campaign

[ACTION Campaign Congressional District Fact Sheets](#)

Arkansas HTC

[Arkansas Department of Finance and Administration Opinion on State HTC](#)

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