

Tax Provisions Included in the “Trade Adjustment Assistance Improvement Act”

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Creation of manufacturing redevelopment zones. The bill would provide for the creation of twenty-four manufacturing redevelopment zones, which will be eligible for redevelopment tax incentives under the bill. Under the bill, State and local governments will nominate areas that have experienced a significant decline in the number of individuals employed in manufacturing or that have a high concentration of abandoned or underutilized manufacturing facilities. In addition to the requirement that such areas suffer a significant decline in manufacturing, nominated areas must also meet eligibility criteria similar to the requirements for federal empowerment zones. From these qualifying nominees, the Secretary of the Treasury will designate twenty-four areas as manufacturing redevelopment zones.

Authorization of manufacturing redevelopment tax credit bonds. The bill would authorize up to \$3.6 billion of tax credit bond authority for manufacturing redevelopment zones (\$150 million of tax credit bond authority for each manufacturing redevelopment zone) to be used to make capital investments in property located within manufacturing redevelopment zones with the goal of promoting development or other economic activity in such zone (e.g., expenditures for environmental remediation, improvements to public infrastructure and construction of public facilities). *This proposal is estimated to cost \$1.7 billion over 10 years.*

Authorization of tax-exempt manufacturing zone facility bonds. The bill would authorize up to \$5.52 billion in tax-exempt manufacturing redevelopment zone facility bonds (\$230 million tax-exempt bond authority for each manufacturing redevelopment zone) to be used to purchase equipment and other depreciable property to be used in active conduct of a trade or business within a manufacturing redevelopment zone. There is a \$15 million limitation per manufacturing redevelopment zone on the amount of bonds allocable to any one person. That amount is capped at \$20 million over all zones for any one person. *This proposal is estimated to cost \$615 million over 10 years.*

Increase in low-income housing credits for manufacturing redevelopment zones. The bill would increase the State low-income housing credit ceiling of states with manufacturing redevelopment zones. The housing credit ceiling would be increased by the housing credits that are allocated to manufacturing redevelopment zones. The maximum credit ceiling increase that would be permitted under this section is capped at \$20 per person located within such manufacturing redevelopment zone. *This proposal is estimated to cost \$324 million over 10 years.*

Extension of work opportunity tax credit to employment of qualifying individuals living within manufacturing redevelopment zones. The bill would extend eligibility for the work opportunity tax credit to employers that hire individuals (between the ages of 18 and 40 years)

whose principal place of abode is located within a manufacturing redevelopment zone. *This proposal is estimated to cost \$99 million over 10 years.*

Deferral of election to allocate interest on a worldwide basis. In 2004, Congress provided taxpayers with an election to take advantage of a liberalized rule for allocating interest expense between United States sources and foreign sources for purposes of determining a taxpayer's foreign tax credit limitation. Although enacted in 2004, this election is not available to taxpayers until taxable years beginning after 2008. The bill would delay the phase-in of this new liberalized rule for three years (for taxable years beginning after 2011). *This proposal has not yet been scored.*