

HOMES JOBS COMMUNITY



*NDC Washington
Webinar Series*

*2017 Tax Plan: What it means for the
Economic Development Community*

Presented by: Jane Campbell | November 6, 2017



Rethinking How We Invest

HOMES, JOBS AND
COMMUNITIES IN 2017
AND BEYOND

ndcacademy.org

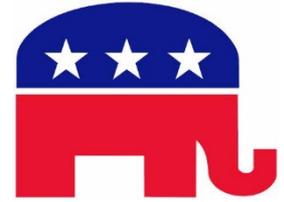


OCTOBER 23-25, 2017
WASHINGTON, DC





Unified GOP Government

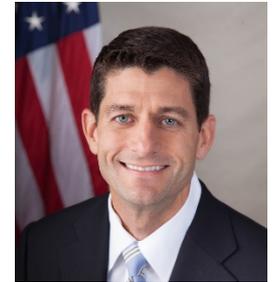


2017 Legislative Agenda

- Repeal and Replace the Affordable Care Act “Obamacare”
 1. Died in the House of Representatives
 2. Died in Senate by McCain, Collins, Murkowski
 3. Graham – Cassidy Died in Senate
- Sweeping Infrastructure Package
 - Lost in the noise
- ***Comprehensive Tax Reform –***
 - Last stand for GOP WIN before entering 2018 election year*

Driving the Ship

Key Players



Orrin Hatch
Chair – Senate Finance



Gary Cohn
WH Chief Economic
Advisor



Steve Mnuchin
Treasury Secretary



Kevin Brady
Chair – Ways and Means



“The Trump Administration, the House Committee on Ways and Means, and the Senate Committee on Finance have developed a unified framework to achieve pro-American, fiscally responsible tax reform. This framework will deliver a 21st century tax code that is built for growth, supports middle-class families, defends our workers, protects our jobs, and puts America first. It will deliver fiscally responsible tax reform by broadening the tax base, closing loopholes, and growing the economy.”

The White House
Office of the Press Secretary
September 27, 2017



HIGHLIGHTS OF THE UNIFIED TAX REFORM FRAMEWORK

Lowers Rates for Individuals and Families

The framework shrinks the current seven tax brackets into three – 12%, 25% and 35% – with the potential for an additional top rate for the highest-income taxpayers to ensure that the wealthy do not contribute a lower share of taxes paid than they do today.

Doubles the Standard Deduction and Enhances the Child Tax Credit

The framework roughly doubles the standard deduction so that typical middle-class families will keep more of their paycheck. It also significantly increases the Child Tax Credit.

Eliminates Loopholes for the Wealthy, Protects Bedrock Provisions for Middle Class

To provide simplicity and fairness the framework eliminates many itemized deductions that are primarily used by the wealthy, but retains tax incentives for home mortgage interest and charitable deductions, as well as tax by the wealthy, but retains tax incentives for home mortgage in incentives for work, higher education, and retirement security.



HIGHLIGHTS OF THE UNIFIED TAX REFORM FRAMEWORK

Repeals the Death Tax and Alternative Minimum Tax (AMT)

The framework repeals the unfair Death Tax and substantially simplifies the tax code by repealing the existing individual AMT, which requires taxpayers to do their taxes twice.

Creates a New Lower Tax Rate and Structure for Small Businesses

The framework limits the maximum tax rate for small and family-owned businesses to 25% - significantly lower than the top rate that these businesses pay today.

To Create Jobs and Promote Competitiveness, Lowers the Corporate Tax Rate

So that America can compete on level playing field, the framework reduces the corporate tax rate to 20% – below the 22.5% average of the industrialized world.



HIGHLIGHTS OF THE UNIFIED TAX REFORM FRAMEWORK

To Boost the Economy, Allows “Expensing” of Capital Investments

The framework allows, for at least five years, businesses to immediately write off (or “expense”) the cost of new investments, giving a much-needed lift to the economy.

Moves to an American Model for Competitiveness

The framework ends the perverse incentive to offshore jobs and keep foreign profits overseas. It levels the playing field for American companies and workers.

Brings Profits Back Home

The framework brings home profits by imposing a one-time, low tax rate on wealth that has already accumulated overseas so there is no tax incentive to keeping the money offshore.

Reconciliation for Tax Reform

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- U.S. House of Representatives

- FY2018 Budget Resolution, [H. Con. Res. 71](#), which contains reconciliation language that directs the House Ways & Means Committee to begin drafting tax reform legislation. *The House resolution provides \$300 billion over 10 years to pay for tax reform.*

Cuts spending over 10years – *need to find \$203B in Savings for*

Mandatory Programs

Party line vote 219-206

- ***U.S. Senate***

- *The Senate Budget Committee voted on their **FY2018 Budget Resolution**,. The Senate resolution contains reconciliation language that provides the Senate Finance Committee with **\$1.5 trillion over 10 years for tax reform.***



The
**TAX CUTS & JOBS
ACT**

MORE jobs | FAIRER taxes | BIGGER paychecks



The TAX CUTS & JOBS ACT
U.S. House of Representatives
COMMITTEE ON WAYS AND MEANS

•••
Policy Highlights

- **Lowers individual tax rates for low- and middle-income Americans to Zero, 12%, 25%, and 35%**
- **Significantly increases the standard deduction**
- **Eliminates special-interest deductions that increase rates and complicate Americans' taxes**
- **Establishing a new Family Credit, which includes expanding the Child Tax Credit**
- **Preserving the Child and Dependent Care Tax Credit**
- **Preserves the Earned Income Tax Credit**
- **Streamlines higher education benefits**
- **Continues the deduction for charitable contributions**
- **Preserves the home mortgage interest deduction**
- **Continues to allow people to write off the cost of state and local property taxes**
- **Retains popular retirement savings options**
- **Repeals Alternative Minimum Tax**
- **Provides relief for the Death Tax**

The TAX CUTS & JOBS ACT
U.S. House of Representatives
COMMITTEE ON WAYS AND MEANS

•••
Policy Highlights

- **Lowers the corporate tax rate to 20%**
- **Reduces the tax rate on the hard-earned business income of Main Street job creators to no more than 25%**
- **Establishes strong safeguards to distinguish between individual wage income and “pass-through” business income**
- **Allows businesses to immediately write off the full cost of new equipment**
- **Protects the ability of small businesses to write off the interest on loans**
- **Retains the low-income housing tax credit**
- **Preserves the Research & Development Tax Credit**
- **Strengthens accountability rules for tax-exempt organizations**
- **Modernizes our international tax system**
- **Makes it easier and far less costly for American businesses to bring home foreign earnings**
- **Prevents American jobs, headquarters, and research from moving overseas**



The New Markets Tax Credit REPEALED

“The House Ways and Means [tax reform proposal](#) released today by the majority demonstrates an appalling disregard for low-income rural and urban communities by repealing the federal New Markets Tax Credit program, a vital piece of America’s tax code that has leveraged over \$80 billion in public-private investments and created more than 750,000 jobs in some of our country’s poorest neighborhoods and towns,” said Bob Rapoza, spokesperson for the NMTC Coalition. “Unfortunately it will be these communities, in addition to the hardworking people living there, that will bear the burden of the omitted NMTC – the very places that can least afford it. This can only be described as penny wise and pound foolish – with repeal of NMTC saving less than \$1.8 billion over the 10 year period. Today’s repeal is a serious misstep that will be felt by communities nationwide.”

Historic Tax Credit REPEALED

“Our tax credits have made the preservation of our older buildings not only a matter of respect for beauty and history, but of economic good sense.”
– President Ronald Reagan in 1984

“In a time of austere federal budgets, we need to look at meaningful ways of getting the most out of every dollar and the economic impacts of historic tax credits have been transformational.”
– Senator Ben Cardin

<https://youtu.be/-kJAlopuPyI>

Low Income Housing Tax Credit

The tax reform preserves the 9% Low Income Housing Tax Credit program (Housing Credit), but **it eliminates private activity bonds and the 4% credit**, and fails to include any reforms proposed in the [Affordable Housing Credit Improvement Act](#) (HR 1661) that was introduced by Representatives Pat Tiberi (R-OH) and Richard Neal (D-MA).

The Republican tax plan would repeal the tax-exempt status of private activity bonds, which are used to finance the construction and rehabilitation of multifamily housing for low income renters.

Because the 4% Housing Credit is only available with debt financing from tax-exempt private activity bonds, the Republican bill essentially eliminates the 4% Housing Credit.

The Housing Credit may also be impacted by the lowered corporate tax rate, which could reduce demand and decrease the value it generates for affordable housing developments.

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