

## 2016 NMTC Coalition Conference Wrap-up and Update

It was great to see everyone at the New Markets Tax Credit Coalition annual conference. For those who are interested, [presentations](http://org2.salsalabs.com/dia/track.jsp?v=2&c=vul60EmCT9UzHRwvhr3yVh4iJSUuPNCL) have been posted on the Coalition's website, along with the new [*2016 NMTC at Work in Communities Across America*](http://org2.salsalabs.com/dia/track.jsp?v=2&c=9hp8pS86SxmitIMY%2BhSIjx4iJSUuPNCL) report. It was a great event and one of our best attended to date.  Although the conference concluded only yesterday, there is more to report on: (1) the Congressional schedule for 2017; (2) the Ways and Means Committee policy retreat that also ended yesterday; and (3) a possible schedule for introduction of a House bill.

### Congressional Schedule

The 115th Congress convenes on January 3rd.  As we discussed at the conference, the first order of business is repeal of the Affordable Care Act (ACA).  Procedurally, the House and the Senate will accomplish this by first passing a budget resolution for the current fiscal year (2017).  The budget resolution, which does not require a signature by the president and is not subject to the Senate filibuster-will include instructions for committees of jurisdiction to prepare legislation for inclusion in the reconciliation bill that repeals the ACA and presumably begins the process for whatever healthcare policy comes next.  Like a budget resolution, a reconciliation bill is not subject to the filibuster, although the president must ultimately sign the bill for it for it to become law.

Late on December 15th, we obtained a draft copy of the budget resolution, as well as a schedule for the reconciliation legislation. The bill provides those committees with a schedule for reporting their section of reconciliation, within 90 days after the adoption of the budget resolution. The budget resolution is likely to pass both Houses in January, starting the clock. Therefore, it will be at least April before the process of repealing ACA is completed and a bill is sent to the president.  This timetable makes it less likely that tax reform legislation will be front and center before the spring.

However, it is clear that the House is proceeding to develop a legislative proposal that has as its starting point the blueprint for tax reform proposed in June by House Speaker Ryan (R-WI).  As we discussed at the conference, Ryan’s blueprint calls for a rewrite of the tax code, including a substantial reduction in the corporate tax rate from 35 percent in current law, to 20 percent. The blueprint also targets business tax expenditures – such as NMTC – as targets for elimination, with those savings going to offset the cost of the proposed tax reductions, though it does not explicitly name which incentives would face repeal.  The House plan is similar, though not identical, to the campaign proposals of President-elect Trump.

The Ways and Means retreat that was held in DC this week focused on ACA repeal and the tax blueprint, which is short on many specifics—among them the fate of individual business tax provisions.  The NMTC was discussed with Committee Members who expressed varying points of view.

The principal argument for elimination of business tax provisions is their cost and how that interacts with the overall goal of tax reform, which is to reduce individual and corporate tax rates and simplify the tax code. Outside analysis of the House bill estimated the revenue impact (or cost) at some $3 trillion over 10 years.  The intention of Congressional leaders is to pass a bill that is revenue neutral.  The more business tax provisions they save from the chopping block, the more difficult it is to lower corporate rates. Recently, the media has reported that House Ways and Means Committee Chairman Brady plans to introduce a tax reform bill prior to Inauguration Day (January 20, 2017). In our conversations with Congressional staff, it remains unclear whether that is in fact the schedule.

**The most important point is this:** the Committee members did not make a decision on the NMTC, so we can continue working with them to demonstrate the importance of the Credit.

Beyond the House, the two other players in the tax reform debate are President-elect Trump and the Senate.  We expect that at some point in the process, the Administration will come forward with its plan for tax reform.  We are working with Republican Members of Congress and others to schedule a briefing with the with the Trump transition team.

The Senate has not been as active on tax reform as the House. As we heard during the conference, Senators will have their own views on tax reform that may or may not line up with the House proposal.

### What to Look for from the Coalition

In the first week of January, the Coalition will release a sign-on letter in support of the NMTC.  It will be open to CDEs, Investors, public officials, trade associations, and others. We are especially urging CDEs to persuade their QALICBs to sign on.

By the end January, we will have bills ready for introduction in the House and Senate.  We will be seeking cosponsors and will need your help.  At minimum, those bills will include a permanent authorization for NMTC, approximately $5 billion in annual credit authority, and an exemption from the Alternative Minimum Tax for NMTC investments.

### In-State/In-District Advocacy

We believe that the best way to demonstrate the impact of the Credit for Congressional leadership and Members of the House and Senate tax-writing committees is to get them out to NMTC- financed projects and businesses in the first quarter of 2017. The target list that we used for prioritizing Capitol Hill visits lists is also our target list for visits. As the ball is in the court of the Republicans on Ways and Means, that list is of special and immediate importance.

* The [first list](http://org2.salsalabs.com/dia/track.jsp?v=2&c=KQIPPFGIsneMiiR%2B2gqXZR4iJSUuPNCL) includes Senate and House Members who have cosponsored NMTC legislation in the current Congress or who have otherwise indicated their support.
* The [second list](http://org2.salsalabs.com/dia/track.jsp?v=2&c=bEXw8DEzYve4XL%2FVHEGUdR4iJSUuPNCL) contains Senators and Representatives who are not currently supporters, but who will be important in the debate over tax reform.  This list includes the Speaker of House, House Majority Leader and the Senate Majority Leader.

Opportunities for engagement can include tours of existing, new or in-development projects. There is no better way to make the case for the NMTC than by creating opportunities for Members of Congress to hear from businesses, local leaders, CDEs and investors involved in great projects in their communities. Creative ideas can include small milestones like the 1,000th patient/client/child served or a business anniversary—we are happy to strategize on hooks for an event if you have a good project in a key location.  We also have invitation templates and other tools to help make your outreach or event easier and successful. Please reach out to Ayrianne Parks at [ayrianne@rapoza.org](mailto:ayrianne@rapoza.org)  if you wish to discuss plans for a tour or event with your Member of Congress.

Finally, if you aren’t already a Coalition member, [we strongly encourage you to join](http://org2.salsalabs.com/dia/track.jsp?v=2&c=d2rcEtBHx20G0BPgmoaQ1R4iJSUuPNCL). This is a pivotal moment for the NMTC industry and we need everyone to ensure a good outcome for the NMTC.

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