

TO: Our Members

FROM: Bob Rapoza

RE: The future

DATE:  November 22, 2016

I write in the aftermath of a very surprising election to discuss the implications for the New Markets Tax Credit. As you know, President-elect Trump and the Republican majorities in the House and Senate have made tax reform a priority and we expect that a major re-write of the Internal Revenue Code will be among the first items on the agenda of the new President and the 115th Congress.

Over the course of the campaign, the Trump tax plan moved closer to the House Republican Blueprint for tax reform. Both plans have significant reductions in corporate rate—Trump at 15 percent, the House at 20 percent. Both plans also reduce individual rates and the number of brackets and include many other provisions. While the price tag of the Trump plan has moved around, most credible estimates put the cost north of $5 trillion over 10 years. At this time, there appears to be a commitment from all sides to keep the bill revenue neutral –whatever the amount in revenue loss, it will be offset by the elimination of other tax expenditures.

Both plans call for elimination of business tax expenditures with the exception of the R&D Credit (Trump), and R&D and LIFO (House). The New Markets Tax Credit, Low Income Housing Tax Credit, and Historic Tax Credit are all business tax expenditures.

Here is an excerpt from the House tax blueprint:

*Problem #2: The Current Code Delivers Special Interest Subsidies and Crony Capitalism: The tax code is littered with hundreds of preferences and subsidies that pick winners and losers and create complexity. Instead of free-market competition that rewards success, our tax code directs resources to politically favored interests, creating a drag on economic growth and job creation. In fact, Washington encourages individuals and businesses to make investment decisions based not on the most promising new technologies and innovations, but instead on the promise of tax savings. Many of these tax preferences, sometimes referred to as “tax expenditures,” are special-interest giveaways that are masked as tax breaks instead of direct grants. For fiscal year 2016, such “spending” through the tax code amounts to more than $1.4 trillion, or almost three-fourths of the amount of revenue raised by the entire Federal income tax. When Washington picks winners and losers with the tax code, the American people ultimately pay higher tax rates and keep less of their hard-earned money.*

Notwithstanding our success in securing a five-year, $17.5 billion extension of NMTC in the PATH in December of 2015, it is clear that we face a challenge in both maintaining the remaining three years of the PATH Act and continuing our campaign for a permanent extension.

For this reason, we have revised the agenda for our annual conference that is being held in Washington, D.C. on December 14-15, to allow time for those in attendance to go to Capitol Hill. We must remind Members of Congress and their staffs of the importance of NMTC, its success in revitalizing low income urban and rural communities in their states and districts, and to highlight the impact of award made on November 17. At the conference we will release our 2016 version of NMTC at Work in Communities, as well as fact sheets and other information on the Credit.

It goes without saying we are entering new era and perhaps a new and challenging environment. I hope you will join us in December.

## 2016 NMTC Coalition Annual Conference Registration and Details

Register now for the 2016 NMTC Coalition Annual Conference and save with Early Bird prices. The event will take place on December 14-15 at the Hotel Monaco in Washington, D.C. We have confirmed that Congressman Tom Reed (R-NY) will provide keynote remarks during the opening plenary, and Congressmen Richard E. Neal (D-MA) and Pat Tiberi (R-OH) will address attendees on December 15th.

This year's event will also provide one of the first opportunities for the NMTC industry to engage with the CDFI Fund after the 2015-2016 "super round," awarding CDEs $7 billion in NMTC allocations. On the legislative front, attendees will learn and hear from the new leadership in the White House and Congress, concerning policy and regulatory plans for the NMTC. The agenda can be found on the NMTC Coalition website on the "Events" page: <http://nmtccoalition.org/events/>

**NMTC Coalition Member Rates:** $450

Not a member yet? [*Join the NMTC Coalition*](http://org2.salsalabs.com/dia/track.jsp?v=2&c=oeA7LCKzSJL12fI4O%2BUvtd0Yxj6VSrUW) today!

**Non-Member Rates:** $525

[**REGISTER NOW!**](http://org2.salsalabs.com/dia/track.jsp?v=2&c=ZDC06LjUI%2BdxEbht0GMyQt0Yxj6VSrUW)

There is a very small room block available at the Hotel Monaco for those who are interested. The rate is $290.00 per night for December 13th and 14th. [Reservations can be made online](http://org2.salsalabs.com/dia/track.jsp?v=2&c=yAVNbsNq8Ro714xwTYM3xd0Yxj6VSrUW) or by calling 1-800-KIMPTON reservations number and reference the NMTC Coalition.

## Notice: Annual Business Meeting and Membership Director Nominations

The Annual Business Meeting of the New Markets Tax Credit Coalition is scheduled for December 15, 2016 from 8:00 to 8:30 a.m. at Hotel Monaco in Washington, D.C. The Annual Meeting is open to all NMTC Coalition members.

As you know, the NMTC Coalition Membership has the opportunity to nominate and elect two Membership Directors to the Board each year. The election of the two Directors takes place at the Annual Membership Meeting. ***Please note, only current NMTC Coalition members in good standing can vote at the Coalitions Annual Meeting.***

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