



National Trust Community Investment Corporation IPED

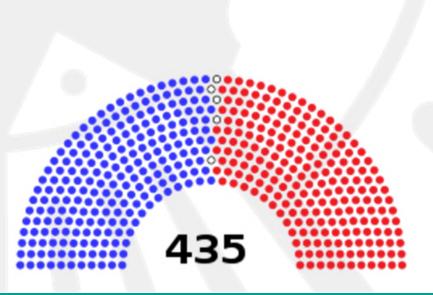


Legislative and Market Update

PATRICK ROBERTSON | HTCC Executive Director & Principal of Confluence GR MERRILL HOOPENGARDNER | HTCC Chair & President of NTCIC

MAKEUP OF THE NEW HOUSE

- Democrats: 220
- Republicans: **211**
- Open Seats: 4 to be settled in special elections
 - Ohio 11: Marcia Fudge's seat (Nov 2) Likely Dem
 - **Texas 6:** Ronald Wright's seat (July 27th) *Likely Republican*
 - Florida 20: Alcee Hastings's seat (Jan-2022) *Likely Dem*
 - Ohio 15: Steve Stivers's seat (Nov 2) *Likely Republican*





HOUSE LEADERSHIP

Speaker of the House



Rep. Nancy Pelosi

Elected by the whole of the House of Representatives, the Speaker acts as leader of the House and combines several roles: the institutional role of presiding officer and administrative head of the House, the role of leader of the majority party in the House, and the representative role of an elected member of the House. The Speaker of the House is second in line to succeed the President, after the Vice President.

Democratic Leadership



Majority Leader Rep. Steny Hoyer Represents Democrats on the House floor.

Republican Leadership

Republican Whip

Rep. Steve Scalise



Republican Leader^{III} Rep. Kevin McCarthy Represents Republicans on the House floor.



Majority Whipt" Rep. James Clyburn Assists leadership in managing party's legislative program.



Assistant Speaker⊡ Rep. Katherine Clark Assists the Majority Leader.



Democratic Caucus Chairman Rep. Hakeem Jeffries Heads organization of all Democratic Party members in the House.



Republican Conference Chairmant Rep. Liz Cheney Heads organization of all Republican Party members in the House.

Assists leadership in managing party's legislative program.



Republican Policy Committee Chairman[®] Rep. Gary Palmer Heads Conference forum for policy development.



HOUSE TAX COMMITTEE



Chairman Richie Neal



Ranking Member Kevin Brady (retiring) Devin Nunes (CA) Vern Buchanan (FL)

Adrian Smith (NE)

Potential new top Republicans





Slide 4

MH1 Can we add the names of the potentials? Merrill Hoopengardner, 6/14/2021

UNITED STATES SENATE







AMERICAN JOBS PLAN

• About **\$2 trillion** to:

- Fix highways, rebuild bridges, and upgrade ports, airports, and transit centers
- Rebuild clean drinking water infrastructure, a renewed electric grid, and high-speed broadband to all Americans
- Modernize/rehabilitate homes, commercial buildings, schools, and federal buildings
- Create caregiving jobs and raise wages and benefits for essential home care workers
- Revitalize manufacturing, ensure products are made in America, and invest in innovation
- Create good-paying union jobs and train Americans for jobs of the future

JOBS PLAN



DEPARTMENT OF TREASURY PROPOSALS

- Raise the corporate tax rate to 28%, up from the current 21%
- Raise the tax on Global Intangible Low Tax Income (GILTI) to 21%
- Eliminate the exemption of a 10% return on an investment abroad and calculate GILTI on a country-by-country basis
- Impose a 15% tax on book income, levied on profits instead of taxable income (only for companies with revenues over \$100 million)
- Create a tax credit for bringing jobs back to the U.S. and deny deductions for moving jobs overseas
- Increase corporate tax enforcement
- Eliminate some deductions and credits for the fossil fuel industry
- Repeal the Foreign-Derived Intangible Income (FDII) deduction



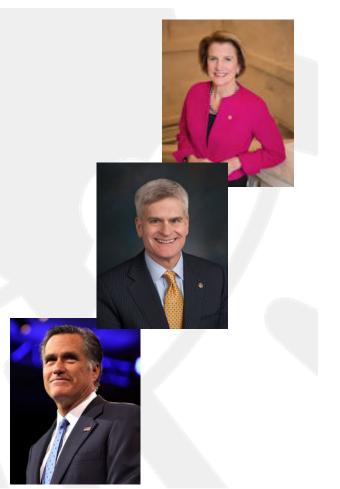
U.S. DEPARTMENT OF THE TREASURY THE MADE IN AMERICA TAX PLAN

APRIL 2021



WHAT DO REPUBLICANS THINK?

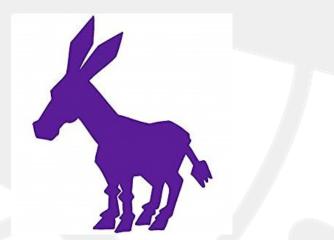
- Principles
 - Don't undo TCJA
 - No new taxes
 - Avoid "liberal wishlist"
 - Smaller package (\$1 trillion)
 - Paid for through user fees and unused COVID-19 relief funding
- A small group of moderate Republicans are trying to breathe new life into these discussions





KEEPING SUPPORT OF MODERATE DEMS

- No corporate tax increases beyond 25%
- Insisting on a bipartisanship bill for infrastructure
- Pushing both President and Republicans towards a bipartisan common ground
- Willing to slim down proposals to accommodate a bipartisan effort







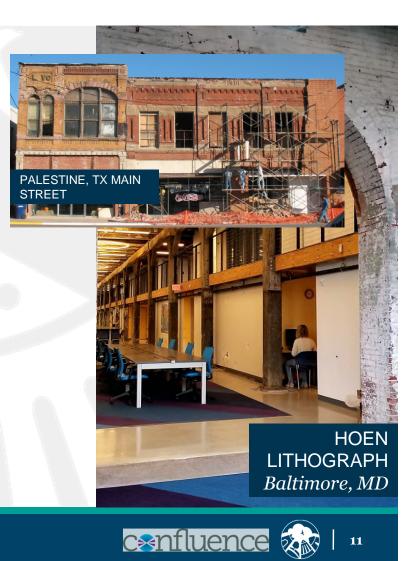
AMERICAN JOBS PLAN

"Build, preserve, and retrofit more than two million homes and commercial buildings, modernize our nation's schools and childcare facilities, and upgrade veterans' hospitals and federal buildings."



HTC CONTRIBUTIONS to "Hard Infrastructure"

- Revitalizes the Built Environment in our Towns and Cities and Re-Activates Idle Buildings, Complexes and Existing Utility Infrastructure
- Projects Require Skilled Labor and Craftmanship, Typically Partnering with Local Small Businesses and Contractors



HTC CONTRIBUTIONS to "Hard Infrastructure"

- Becomes the small business, job incubators, technology innovation and workforce development
- Invest in research and development, especially in under-served communities to build next generation industries





HTC CONTRIBUTIONS to "Hard Infrastructure"

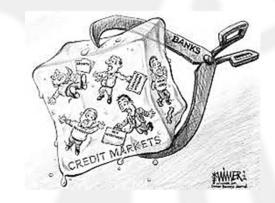
- Houses physical, social, community health, education and civic infrastructure in distressed and disadvantaged communities
- Critical tool in Creating Affordable Housing and job training and job creation in lowincome areas





COVID-19 IMPACTS ON HTC PROJECTS

• Case Studies





Project Cost: \$16.1 Million

• Use

- Civil Rights Museum
- Office space for a national non-profit
- 25 units of affordable senior housing
- Issues
 - Construction was underway and anticipated for completion 2/2021, only 65% complete as of March 2021
 - Material costs and extended professional fees have increased the budget by \$600,000
 - Lost rental income due to delayed completion
- Budget Impact
 - *\$925,000* the Project cannot support any additional debt based on underwritten revenue.

Project Cost: \$41 Million

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- Use
 - Hotel
- Issues
- Hospitality has been disproportionately affected by the pandemic and banks lending to hotel developers has significantly declined
- This Project's loan commitment was reduced 50% then expired
- Hotels aren't appraising at the same levels resulting in additional equity needed to complete the project
- This specific downtown market is saturated with residential and office use isn't viable in the COVID environment
- Budget Impact
 - *\$3MM* and great uncertainty around the future of hotel development in this downtown market

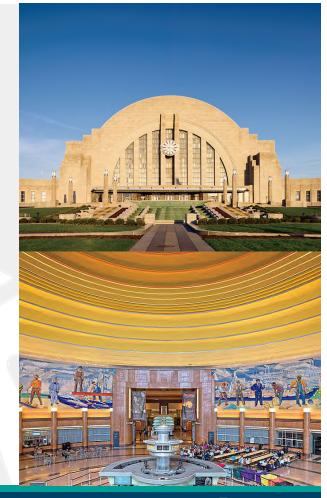
HISTORIC TAX CREDIT Growth & Opportunity Act (HR 2294) (Blumenauer (D-OR)/LaHood (R-IL)

Temporary Enhancements to the HTC

• Temporarily increases the HTC from 20% to 30% to address pandemic related challenges

Permanent Enhancements to the HTC

- 30% credit for all small projects (<\$2.5 million QREs)
- Lower substantial rehabilitation threshold to 50%
- Eliminate basis adjustment requirement
- Simplify tax rules for nonprofit-sponsored projects





HTC-GO COSPONSORS – H.R. 2294

Democrats

- Blumenauer [OR-3]* Kildee [MI-5]
- Sewell [AL-7]*
- Higgins [NY-26]*
- Kaptur [OH-9]
- Brown, [MD-4]
- Beatty [OH-3]
- Kilmer [WA-6]
- Morelle [NY-25]

• Dean [PA-4]

• Evans [PA-3]

• Boyle [PA-2]

• Craig [MN-2]

• Lowenthal [CA-47]

- Norton, [DC-AtLarge]• Langevin [RI-D]
- DelBene [WA-1] Schrier [WA-8]
- Delgado [NY-19]
- Omar [MN-5]
- DeFazio [OR-4]
- Strickland [WA-10] •
- Suozzi, [NY-3]
- Bonamici [OR-1]
 Larsen [WA-2]
 Grijalva [AZ-3]
 Moore [WI-4]
- McGovern [MA-2]

Republicans

- LaHood [IL-18]*
- Ferguson [GA-3]
- Walorski [IN-2]
- Fortenberry [NE-1] •
- Katko [R-NY-24]
- Chabot [R-OH-1]
- Turner [R-OH-10]
- Johnson [OH-6]
- Fitzpatrick [PA-1]
- Kelly [PA-16]
- McKinley [WV-1]
- Miller [WV-3]
- Bice [OK-5]
- Johnson [OH-6]

- Hudson [NC-8]
- Westerman [AR-4]
- Smith [MO-8]
- Carter [GA-1]
- Thompson [PA-15]
- Stefanik [NY-21]
- Bacon [NE-2]
- Hill [AR-2]
- Smucker [PA-11]
- Davis [IL-13]

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REQUEST TO MEMBERS OF CONGRESS

BILL Show Overview >					
BILL Show Overview V					
Summary (0) Text Actions (3)	Titles (1)	Amendments (0) Cosponsors (41)	Committees (1)	Related Bills (0)	
		(0004 0000)			
Cosponsors: H.R.2294 — 117	th Cong	ress (2021-2022)			
ponsor: Rep. Blumenauer, Earl [D-OR-3]	Cosponsor s	statistics: 41 current - includes 3 original			
Hide Filters	^	* = Original cosponsor			
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Check all		Cosponsor			Date Cosponsore
Check all Democratic Republican	[22]	Cosponsor Rep. LaHood, Darin [R-IL-18]*			Date Cosponsorer 04/01/2021
	[22] [19]	Cosponsor Rep. LaHood, Darin [R-IL-18]* Rep. Sewell, Terri A. [D-AL-7]*			Date Cosponsorer 04/01/2021 04/01/2021

Please cosponsor H.R. 2294, the Historic Tax Credit Growth and Opportunity Act

Please Look for Opportunities to Include HTC-GO Provisions in Emerging Infrastructure Legislation



HTC-GO ADVOCATE MESSAGING

- Request that your Members of Congress cosponsor the new HTC-GO -HR 2294- in 2021
- Share projects impacted by the pandemic. Explain challenges on-site, obtaining capital, and remaining financing gaps
- Share how permanent enhancements to the HTC will contribute to economic recovery
- Request for HTC bill's inclusion in a **future infrastructure bill** or other tax legislation





RESOURCES FOR CRAFTING YOUR MESSAGE

HISTORIC

Temporary COVID-19 Pandemic Related Provisions in H.R. 2 "The Moving America Forward Act"

Federal Historic Tax Credit Legislation

The Historic Tax Credit (HTC) is a proven tax incentive for both revitalizing historic community assets and The kitoto Tau Credit (HCC) is a proven taxinoentive for both revitaining hittoric community assist and supporting economic development and recovery. Unfortunetaly, the hittoric rebabilitation community, the somary other, has experienced slowing, stopping, and is some case, devastrating results because of the necessary COVD-19 countermeasures. Historic rebabilitation projects face a ban on contruction. Imited work site attendance, a lack of materias, limited access to government and other regulatory partners, and other challenges associated with the near struttering of the domestic accomm, at the same time skilling projects face limited to no contruction activity, new and potential projects face protound financial vability concerns. United access to capital, gradetic revisition et al. uncertain harm make a with cases sprificant harm to the future pipeline of HCC projects without feared intervention. The following pandemic ablest providence were included in HCC. The North America Forcead Acc.

H.R. 2, Sec. 90301.

Theorem in rehabilitation orienti (§ 47). This provision increases the historic rehabilitation has orienti (HCC) percentage from 30 percent to 30 percent for 3020 through 2024. The credit percentage is phased down to 25 percent in 2026, and returns to 20 percent in 2027, and thereafter

HE 7, Sec. 70304. • Temporary extension of period for completing rehabilitation (§ 47). HTC-eligible projects have a limited limit which to complete their substantial rehabilitation –either 24 months or 50 months. This perulian extensis the 24-month-period and 50-month-period, each by 12 months, to ensure those required limit ported by the parademic do and 50-month-period, each by 12 months, to ensure those required limit ported by the parademic do and 50-month-period.

 In August 2020, the IRS published a notice which extends the measuring period used in patisiving the subtrantial inhobitation ("sub rehabil 1 test requirement for the Historic Tay Credits, Project with a 24 or 30-month measuring period and and on or other April 12, 2020. and before March 31st. 2021, now have until March 31st, 2021, to incur sufficient availfied rehabilitation expenditures (QRE) to satisfy the sub rehabitest.

Historic Tax Credit Growth and Opportunity Act (HTC-GO), H.R. 2825/5, 2615 included in H.R. 2 "The Moving America Forward Act

The following provisions of HTC-GO, along with temporary pandemic related provisions, were included in Nouse passed HR, 2 The Noving America Forward Act The HTC-GO (HR, 285/F, 2815) provisions would make important changes to the Hstoric Tax Credit for encourage more building revuse and more redevelopment in small, midsae, and rula communities. These provisions would not only make the credit easier to us and more histors propriete eligible, built would blo chance the value of Hstoric Tax.

- <u>H.R. 2. Sec. 19302</u> Making it easier to complete small rehabilitation projects by increasing the credit from 20 to 30% for projects with less than \$2.5 million in qualified rehabilitation expenses. . H.R. 2. Sec. 90303
- re buildings eligible for HTCs by lowering the substantial rehabilitation threshold;
- Making more collarge eligible for HICs by lowering the substantial renaesitation threshold: **HE 2.3** Sec. 90305 Increasing the value of HICs by eliminating the requirement that the value of the HIC must be deducted hom a building is basis (properly's value for tax purposes)

departies from a community of the pron-profit organizations for projects like community health. Making the HTC easier to use by non-profit organizations for projects like community health centers, local or centers, and affordable housing, by eliminating IRS restrictions that make i difficult to partner with developers.

We encourage you to read over the HTC Related Legislation document which outlines how each bill connects to advocacy efforts.



Resources for Crafting Your Message

- Use the updated template from to send messages to the staff contacts at the top
- Personalize your message in the highlighted areas
- Explain any challenges on-site, in the financing realm and financing gaps with HTC projects.
- Explain why HR 2294 provisions will solve these issues and permanent provisions will bring more revitalization to your community
- Share how permanent enhancements to community development incentives will contribute to the economic recovery
- Request cosponsorship of HR 2294 and encourage inclusion of these provision in emerging infrastructure legislation

HTC-GO (HR 2294) House Advocacy Message Template

Create a Unique Subject line: HR 2294 Historic Tax Credit bill Cosponsorship

Dear XXX,

(Introduce yourself, and your organization/company). Thank you Representative XXX for being a strong supporter of the Historic Tax Credit (HTC). The HTC is an important tool to not only revitalize city/town, but to also preserve its unique character and rich heritage. The HTC is used to bring investor equity into historic rehabilitation projects who use the tax credits to offset their tax liability. Please consider cosponsoring HR 2294, the Historic Tax Credit Growth and Opportunity Act (HTC-GO), sponsored by Rep. Blumenauer (D-OR) and Rep. LaHood (R-IL) and look for opportunities to include the provisions in infrastructure legislation.

These provisions were included in House passed infrastructure bill last year. HTC-GO has a temporary provision that would bring relief to pandemic impacted projects and makes permanent changes that would bring more value to the credit, further encourage smaller sized projects, allow developers to use the credit for substantial retrofits to modify buildings into new uses, and would make it easier for nonprofits to partner with developers in historic rehabilitation.

(If <u>possible</u> Discuss a project(s), challenges, and how they would benefit from the <u>temporary</u> increase to 30%)

(Review the HTC Related Legislation document and describe which <u>permanent</u> provisions would be most helpful and why)



