

2025 Tax Policy Outlook

for the NACCED Legislative Conference

Peter Lawrence

Director of Public Policy & Governmental Relations

Novogradac Consulting LLP

@NovocoPolicy

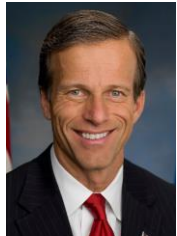
Agenda



Congressional Leadership

Republican Senate Majority

SENATE



Sen. Thune
R – SD
Maj. Leader



Sen. Schumer
D – NY
Min. Leader



Sen. Barrasso
R – WY
Maj. Whip



Sen. Durbin
D – IL
Min. Whip

HOUSE



Rep. Johnson
R – LA
Speaker



Rep. Scalise
R – LA
Maj. Leader



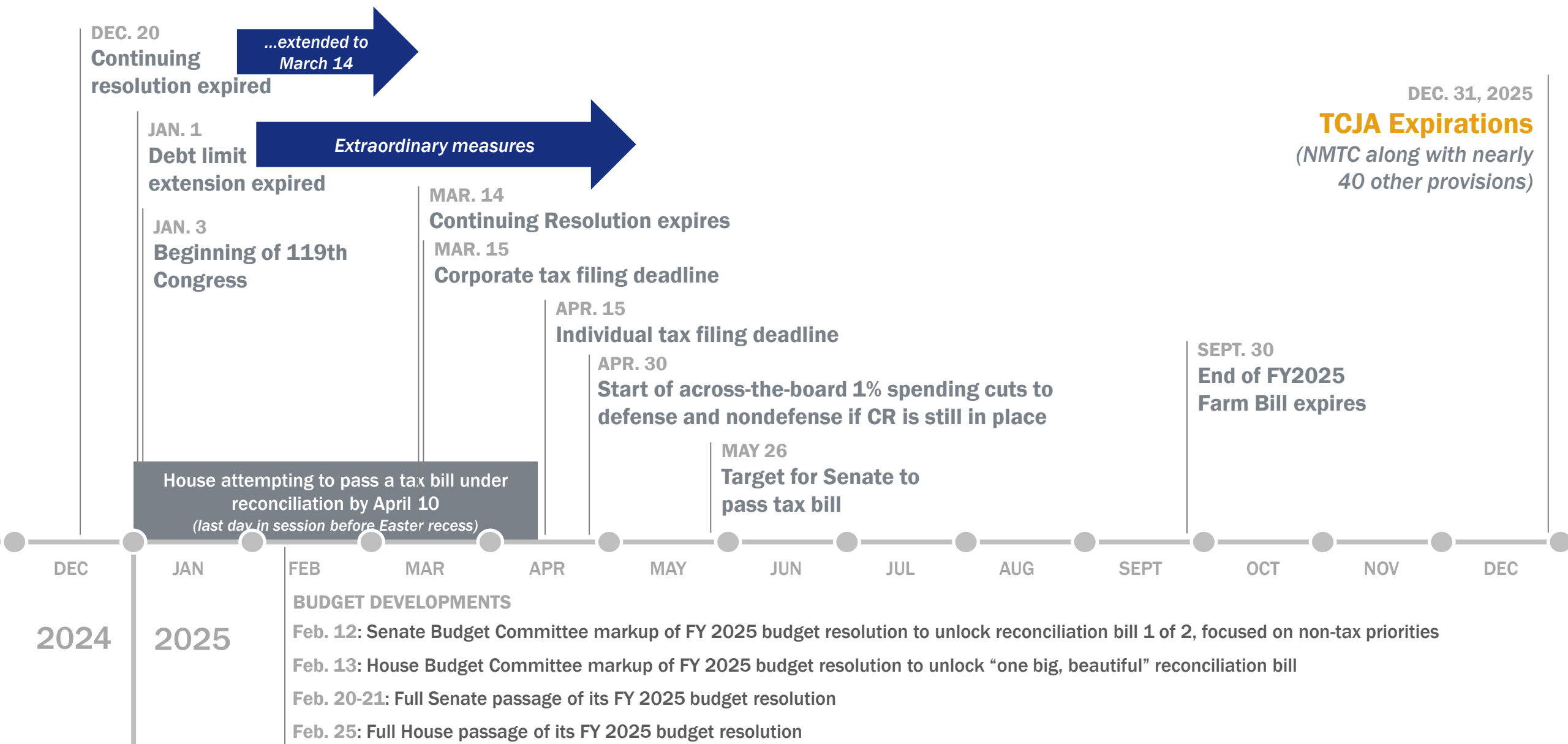
Rep. Emmer
R – MN
Maj. Whip



Rep. Jeffries
D – NY
Min. Leader

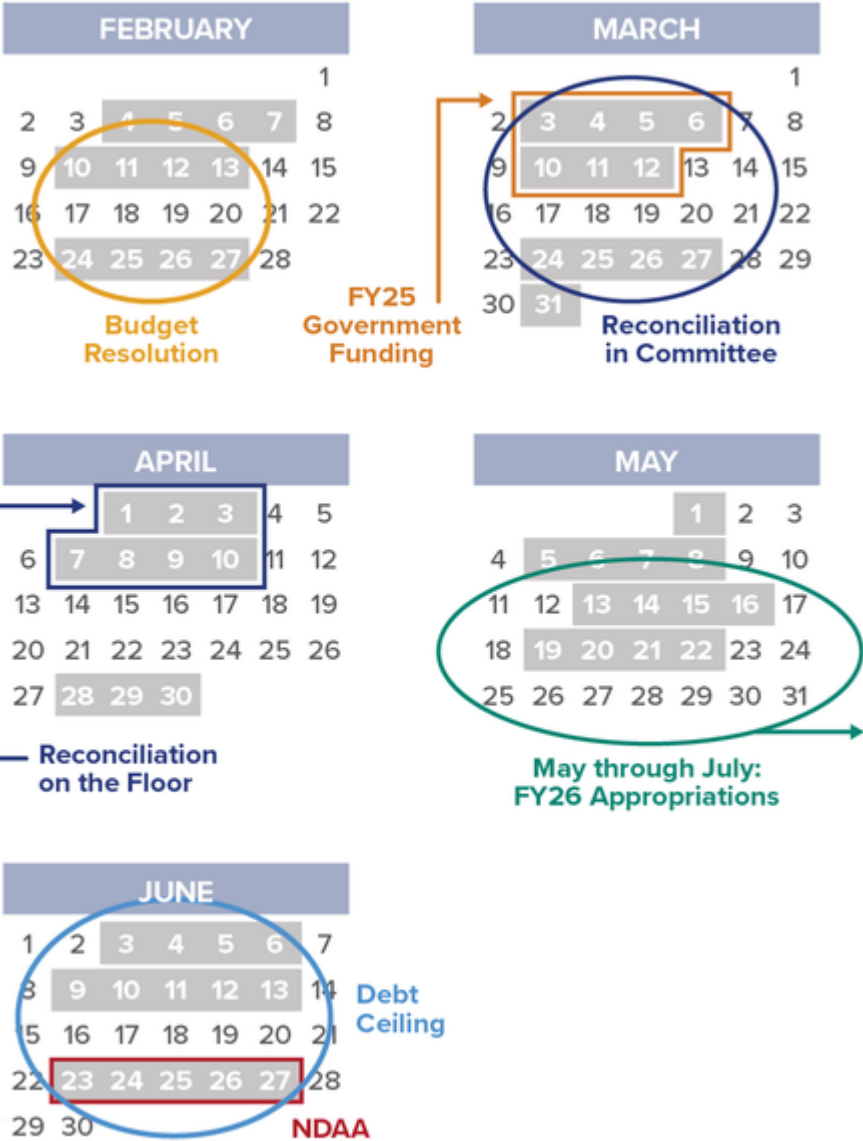


Rep. Clark
D – MA
Min. Whip





Major Must-do Items Early in 119th Congress (2025)



Anticipated Priorities For A Trump Administration



**Immigration/
Border Control**



**All-of-the-above
energy policy**



Extend TCJA



Tariffs



**15% corporate rate for
domestic manufacturing**



**Other Trump
campaign tax ideas**

Cost Estimates of Trump Campaign Proposals

Proposal	2026-2035 Cost	% of GDP (2026-35)
Extend TCJA (without extending \$10k SALT cap)	-\$5.35 trillion	1.45%
Exempt overtime income	-\$2.0 trillion	0.54%
Exempt Social Security benefits	-\$1.3 trillion	0.35%
Exempt tip income from taxes	-\$300 billion	0.08%
15% corporate rate for manufacturers	-\$200 billion	0.05%
First-time homebuyer tax credit	-\$150 billion	0.04%
Increased interest costs to cover proposals	-\$1.05 trillion	0.28%
Modernize the military	-\$400 billion	0.11%
Secure the border and deport undocumented immigrants	-\$350 billion	0.09%
Subtotal	-\$11.1 trillion	3.00%

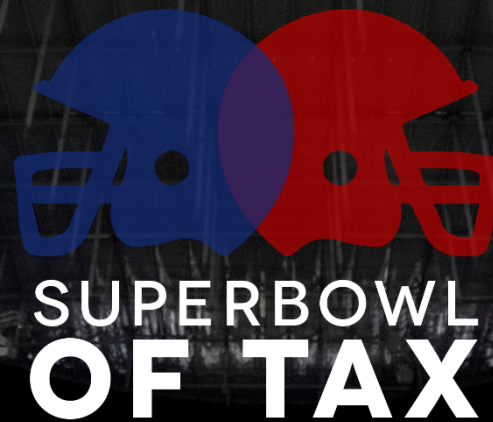
Sources: Committee for a Responsible Federal Budget; Tax Notes

Revenue Estimates of Trump Campaign/GOP Proposals

Proposal	2026-2035 Revenue	% of GDP (2026-35)
Medicaid and Medicare policy changes	+\$2.8 trillion	0.76%
Increased tariffs	+\$2.7 trillion	0.73%
Reverse energy policies/repeal IRA provisions	+\$700 billion	0.19%
Support school choice	+\$200 billion	0.05%
Cut waste, fraud and abuse	+\$100 billion	0.03%
Subtotal	+\$6.5 trillion	1.76%
Other Potential Revenue Raisers		
Raise University Endowments Tax Rate, currently 1.4%		Jason Smith: As high as 35% for certain universities
Limit state and local tax deductions for corporations		
Raise stock buyback tax		
Revised global minimum tax		
Cut back IRS funding		
“Reimagining” of the Affordable Care Act		

SPENDING REFORM OPTIONS	
Policy Explainer	
Topline Savings: \$5.3 - \$5.7 T	
1. REPEAL MAJOR BIDEN HEALTH RULES (\$420B)	
2. STRENGTHEN MEDICARE FOR SENIORS (\$479B)	<ul style="list-style-type: none"> Site Neutral - \$140B Uncompensated Care - \$229B Bad Debt - \$42B BCA Mandatory Sequester Extension - \$62B
3. MAKING MEDICAID WORK FOR THE MOST VULNERABLE (\$2.3T)	<ul style="list-style-type: none"> Per Capita Caps - up to \$918B Equalize Medicaid Payments for Able Bodied Adults - up to \$600B Limit Medicaid Provider Taxes - \$175B Lower FMAP Floor - \$537B Special FMAP Treatment for DC - \$5B Repeal American Rescue Plan FMAP Incentive - \$15B Medicaid Work Requirements - \$120B
4. REIMAGINING THE AFFORDABLE CARE ACT (ACA) (\$151B)	<ul style="list-style-type: none"> Recognize Excess Premium Tax Credit - \$46B Limit Health Program Eligibility Based on Citizenship Status - \$15B Repeal the Prevention Public Health Fund - \$15B Appropriates Cost Sharing Reductions - \$55B
5. ENDING CRADLE-TO-GRAVE DEPENDENCE (\$347B)	<ul style="list-style-type: none"> Repeal the Trump-era Public Charge Rule - \$15B Reduce TANF by 10 Percent - \$15B Eliminate the TANF Contingency Fund - \$6B Reform the Thrifty Food Plan - up to \$274B Eliminate the Social Services Block Grant - \$15B SNAP Reforms - \$22B
6. REVERSING BIDEN CLIMATE POLICIES (\$468B)	<ul style="list-style-type: none"> Discontinue the Green New Deal Provisions in the 2021 Infrastructure Bill - \$300B Repeal EV Mandate - \$112B Repeal IRA green energy grant - \$56B
7. OTHER: (\$917B-\$1T)	<ul style="list-style-type: none"> End the Student Loan Bailout - \$200-\$300B Rescind all Unspent COVID Money - \$11B Auction Spectrum - \$60 billion Repeal Orderly Liquidation Authority - \$22 billion Increase FERS Contributions - \$43 billion Other federal employee benefit reforms - \$32 billion Restrict emergency spending to recent average - \$500B Eliminate the TSP G Fund Subsidy - \$47B
8. POTENTIAL TAX OFFSETS: (\$227-\$527B)	<ul style="list-style-type: none"> Green energy tax credits - \$200 - \$500B, depending on political viability SSN CTC Requirement - \$27B

Sources: Committee for a Responsible Federal Budget; Tax Notes; Bloomberg Tax



February 28, 2025

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Deficit Impact of Extending Tax Cuts and Jobs Act Provisions

EXPIRING PROVISIONS DEC. 31, 2025

Policy (First Year Policy Expires or Changes)	2026-2035 Cost/Savings (-)	% of GDP (2026-35)
Reduced Individual Income Tax Rates (2026)	\$3.4 trillion	0.92%
Establish 20% pass-through 199a deduction (2026)	\$780 billion	0.21%
Repeal AMT for most taxpayers (2026)	\$630 billion	0.17%
Double estate tax exemption (2026)	\$190 billion	0.05%
Replace personal exemption w/ expanded standard deduction (2026)	\$160 billion	0.04%
Replace dependent exemption w/ doubled child tax credit (2026)	\$140 billion	0.04%
Repeal Pease deduction limit (2026)	\$130 billion	0.04%
Expand opportunity zones (2027)	\$70 billion	0.02%
Limit SALT deduction to \$10,000 (2026)	-\$1.2 trillion	0.33%
Limit other deductions (2026)	-\$270 billion	0.07%
Cap mortgage interest deduction at \$750,000 (2026)	-\$130 billion	0.04%
Limit pass-through loss deduction (2029)	-\$20 billion	0.01%
Subtotal, Extend TCJA Individual and Estate Tax Extensions	\$3.9 trillion	1.06%
100 Percent Bonus Depreciation (2022)	\$380 billion	0.10%
Reinstated R&E Expensing (2023)	\$280 billion	0.08%
Extend GILTI, FDII and BEAT rates (2026)	\$160 billion	0.04%
Revive looser interest rate deduction limit (2022)	\$50 billion	0.01%
Extend or Cancel TCJA-Related Tax Changes Since 2021	\$4.8 trillion	1.30%
Interest	\$900 billion	0.24%

\$5.7
TRILLION

Total, Extend TCJA
Individual, Estate,
and Business
Provisions with
Interest

1.5% of GDP

Sources: Congressional Budget
Office, Joint Committee on Taxation,
and Committee for a Responsible
Federal Budget. Numbers may not
sum due to rounding,

2025 is Not 2017



MIKE JOHNSON



JASON SMITH



PAUL RYAN



KEVIN BRADY

Reconciliation Process

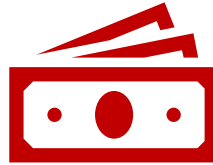


Step 1:

Pass budget resolution

Critical component: Determining total deficit increase in 10-year budget window

Instructions to committees, including Ways & Means/Finance Committee



Step 2:

Pass budget reconciliation bill →



Byrd Rule

Reconciliation bills in the Senate must meet these three requirements:

1. Provisions must have a fiscal impact,
2. Such a fiscal impact must not be merely incidental to any policy change, and
3. After the initial 10-year budget window, the legislation may not increase the deficit.

Potential Reconciliation Bill Strategies



**House Speaker
Mike Johnson
(R-La.)**



**House W&M
Comm. Chair
Jason Smith
(R-Mo.)**

One-bill strategy

- House leaders prefer one bill that includes all priorities, including raising the debt limit
- Slim majority and fractious caucus make passing more than one bill difficult
- Johnson wants to adopt a budget resolution in February and pass a reconciliation bill in April



**Sen. Maj.
Leader John
Thune
(R-S.D.)**



**Sen. Budget
Comm. Chair
Lindsey Graham
(R-S.C.)**

Two-bill strategy

- Thune proposed first passing a measure that would address border security, defense, and energy within Trump's first 30 days
- Second bill would come later and extend Republicans' 2017 tax cuts that expire at the end of the year, giving tax writers more time to craft measure
- Could use fiscal 2025 budget resolution to set up first bill and fiscal 2026 resolution for second bill

House FY 2025 Budget Resolution

G:\CMTE\BU\19\BUDGET RESOLUTION FY25\BUDGET_RES_03.XML

119TH CONGRESS
1ST SESSION

(Original Signature of Member)

H. CON. RES. _____

Establishing the congressional budget for the United States Government for fiscal year 2025 and setting forth the appropriate budgetary levels for fiscal years 2026 through 2034.

IN THE HOUSE OF REPRESENTATIVES

Mr. ARRINGTON submitted the following concurrent resolution; which was referred to the Committee on _____

CONCURRENT RESOLUTION

Establishing the congressional budget for the United States Government for fiscal year 2025 and setting forth the appropriate budgetary levels for fiscal years 2026 through 2034.

1 *Resolved by the House of Representatives (the Senate*

2 *concurring),*

3 **SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET**

4 **FOR FISCAL YEAR 2025.**

5 (a) DECLARATION.—The Congress determines and

6 declares that prior concurrent resolutions on the budget

7 are replaced as of fiscal year 2025 and that this concur-

g:\VF\021225\F021225.008.xml
February 12, 2025 (9:43 a.m.)

(967643|21)

Senate FY 2025 Budget Resolution

HEN25148 2RK Chairman's Mark S.L.C.

119TH CONGRESS
1ST SESSION

S. CON. RES. _____

Setting forth the congressional budget for the United States Government for fiscal year 2025 and setting forth the appropriate budgetary levels for fiscal years 2026 through 2034.

IN THE SENATE OF THE UNITED STATES

Mr. GRAHAM, from the Committee on the Budget, reported the following original concurrent resolution; which was _____

CONCURRENT RESOLUTION

Setting forth the congressional budget for the United States Government for fiscal year 2025 and setting forth the appropriate budgetary levels for fiscal years 2026 through 2034.

1 *Resolved by the Senate (the House of Representatives*

2 *concurring),*

3 **SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET**

4 **FOR FISCAL YEAR 2025.**

5 (a) DECLARATION.—Congress declares that this reso-

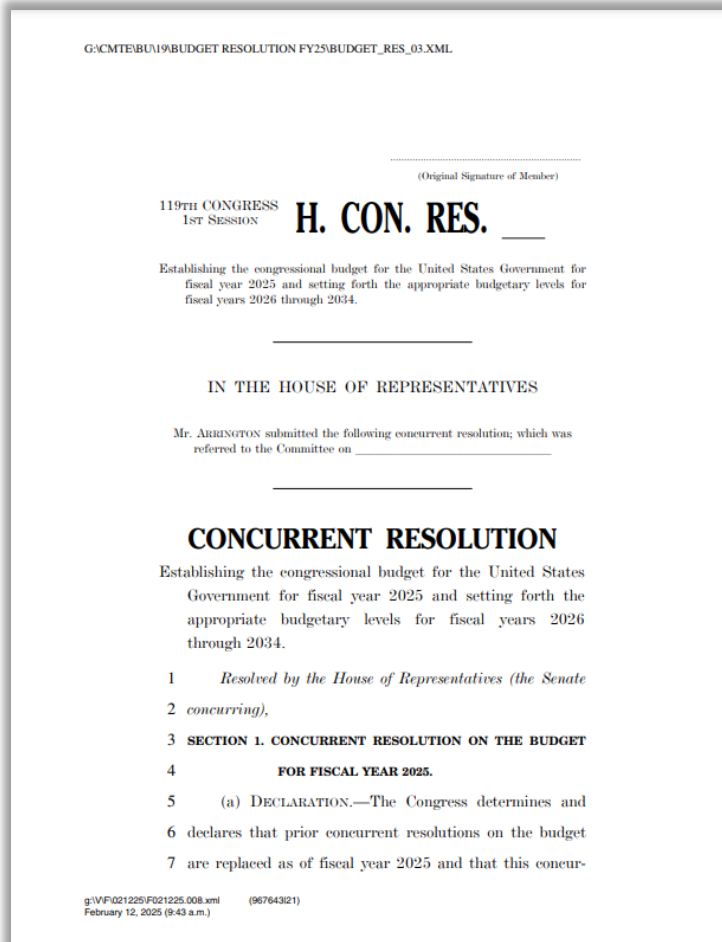
6 lution is the concurrent resolution on the budget for fiscal

7 year 2025 and that this resolution sets forth the appro-

8 priate budgetary levels for fiscal years 2026 through 2034.

House FY 2025 Budget Resolution

Up to \$3.3 trillion in deficit increases over 2025-34



House Committee	Reconciliation Instruction (negative = deficit reduction, positive = deficit increase)
Energy & Commerce	-\$880 billion
Education & Workforce	-\$330 billion
Agriculture	-\$230 billion
Oversight	-\$50 billion
Small Business	-\$10 billion
Financial Services	-\$1 billion
Natural Resources	-\$1 billion
Homeland	\$90 billion
Armed Services	\$100 billion
Judiciary	\$110 billion
Ways & Means	\$4,500 billion*
Total	\$3,298 billion
Debt Limit Increase	\$4,000 billion

*Depends on identifying at least \$2 trillion in mandatory spending cuts

Senate FY 2025 Budget Resolution

Up to \$515 billion in deficit increases over 2025-34

HEN25148 2RKChairman's MarkS.L.C.

119TH CONGRESS
1ST SESSION

S. CON. RES. _____

Setting forth the congressional budget for the United States Government for fiscal year 2025 and setting forth the appropriate budgetary levels for fiscal years 2026 through 2034.

IN THE SENATE OF THE UNITED STATES

Mr. GRAHAM, from the Committee on the Budget, reported the following original concurrent resolution; which was _____

CONCURRENT RESOLUTION

Setting forth the congressional budget for the United States Government for fiscal year 2025 and setting forth the appropriate budgetary levels for fiscal years 2026 through 2034.

1 Resolved by the Senate (the House of Representatives

2 concurring),

3 SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET

4 FOR FISCAL YEAR 2025.

5 (a) DECLARATION.—Congress declares that this reso-

6 lution is the concurrent resolution on the budget for fiscal

7 year 2025 and that this resolution sets forth the appro-

8 priate budgetary levels for fiscal years 2026 through 2034.

Senate Committee	Reconciliation Instruction <i>(negative = deficit reduction, positive = deficit increase)</i>
Agriculture	-\$1 billion
Energy & Natural Resources	-\$1 billion
Environment & Public Works	-\$1 billion
Finance	-\$1 billion
Foreign Relations	-\$1 billion
Commerce	\$20 billion
Armed Services	\$150 billion
Homeland Security & Governmental Affairs (HSGAC)	\$175 billion * (Instructions overlap with Judiciary)
Judiciary	\$175 billion * (Instructions overlap with HSGAC)
Total	\$515 billion

*Depends on identifying at least \$2.5 trillion in mandatory spending cuts

LIHTC/PABs – Possibilities, Opportunities & Concerns

Legislative Impact

- Additional 9% Credits
- Lowering of 50% test
- Basis boosts expanded to PAB financing
- Change in the Corporate Tax Rate
- State of PAB Tax Exemption
- Return of 100% expensing of Personal Property and Land Improvements
- Interaction with Opportunity Zones

Regulatory Impact

- CRA
- Bank Capital Changes
- 10% cap on area median incomes



Visit www.taxcredithousing.com for more information or contact Dirk.Wallace@novoco.com or Karen.Destorel@nc-llp.com.

Affordable Housing Credit Improvement Act

AHCIA is expected to be reintroduced sometime early this year.

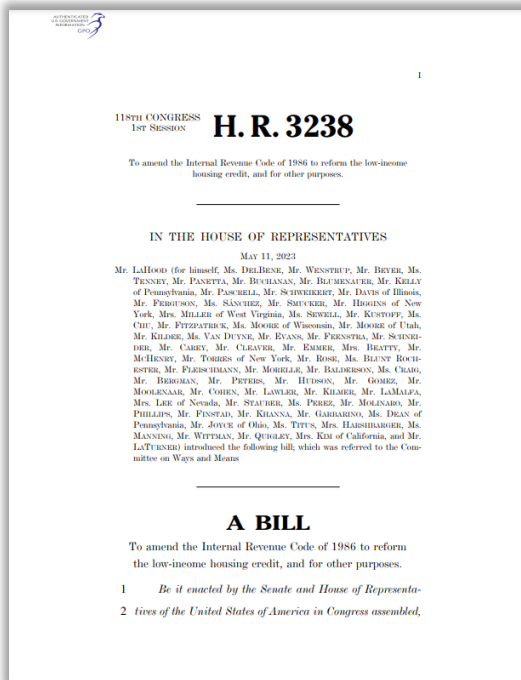
117th Cosponsors : H.R. 2573: 71R 137D

118th Cosponsors : H.R. 3238: 121R 152D

117th Cosponsors : S. 1136: 11R 33D

118th Cosponsors : S. 1557: 17R 16D 1I

23 Ds and 1 I were in the queue to cosponsor, so 59 Senators (17R, 40D, 2I) had registered their support for the bill



LAHOOD
R-IL



TENNEY
R-NY



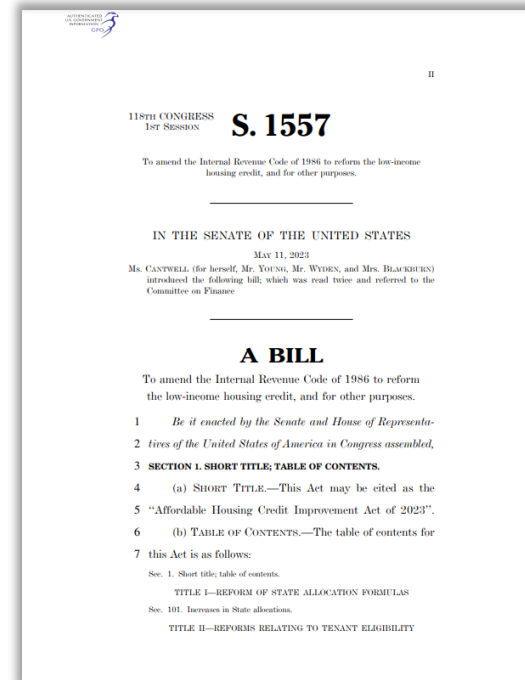
DELBENE
D-WA



BEYER
D-VA



PANETTA
D-CA



YOUNG
R-IN



BLACKBURN
R-TN



TILLIS
R-NC



CANTWELL
D-WA



WYDEN
D-OR



BENNETT
D-CO

Primary LIHTC and PAB Production Provisions

AHCIA 2023

Lowering the 50% Test down to 25% (Section 313)

- Lowering the “financed by” threshold from **50% to 25%** for PAB financed housing starting in 2024

Increasing 9% allocations (Section 101)

- Restoring and making permanent the **12.5% allocation increase** that expired in 2021, increasing 9% LIHTC authority by 25% in 2023 and in 2024 plus an inflation adjustment in 2024

Implementing three 30% basis boost provisions

- Primarily affecting the 4% LIHTC credit (all of which were included in the 2021 AHCIA), starting in 2023, unless otherwise noted:
 - an extension of the **discretionary 30% basis boost** for 9% LIHTC to PAB-financed properties (Section 308), starting in 2024,
 - a 30% basis boost for properties in **Native American** areas (Section 402),
 - a 30% basis boost for properties in **rural areas** (Section 501)

Implementing 50% ELI basis boost (Section 307)

- Giving states discretion to provide a **50% basis boost for apartments reserved for ELI renters**, as long as at least 20% of the apartments are reserved for ELI households, making more deeply income targeted developments more financially feasible

Note: Effective dates of the AHCIA provisions will be updated when the bill is reintroduced sometime early this year.

Primary LIHTC and PAB Production Provisions

AHCIA 2023

Lowering the 50% Test down to 25% (Section 313)

- Lowering the “financed by” threshold from 50% to 25% for PAB-financed housing

**1.1Mil
HOMES**

Increasing 9% allocations (Section 101)

- Restoring and making permanent the 12.5% allocation that expired in 2023, increasing the number of authorized units by 2023 and in 2024 an inflation adjustment in 2024

**232k
HOMES**

Implementing three 30% basis boost provisions

- Primarily affecting the 4% LIHTC credit (all of which were in 2021 AHCIA 2023, unless otherwise noted):
 - an e 30% basis boost for 9% LIHTC to PAB-financed properties (Section 308), starting in 2024
 - a 30% basis boost for properties in Native American areas (Section 402),
 - a 30% basis boost for properties in rural areas (Section 501)

**210k
HOMES**

Implementing 50% ELI basis boost (Section 307)

- Giving states discretion to provide a 50% basis boost for apartments reserved for ELI, making as at least 50% of the apartments reserved for ELI, making more deeply income targeted developments more financially feasible

**110k
HOMES**

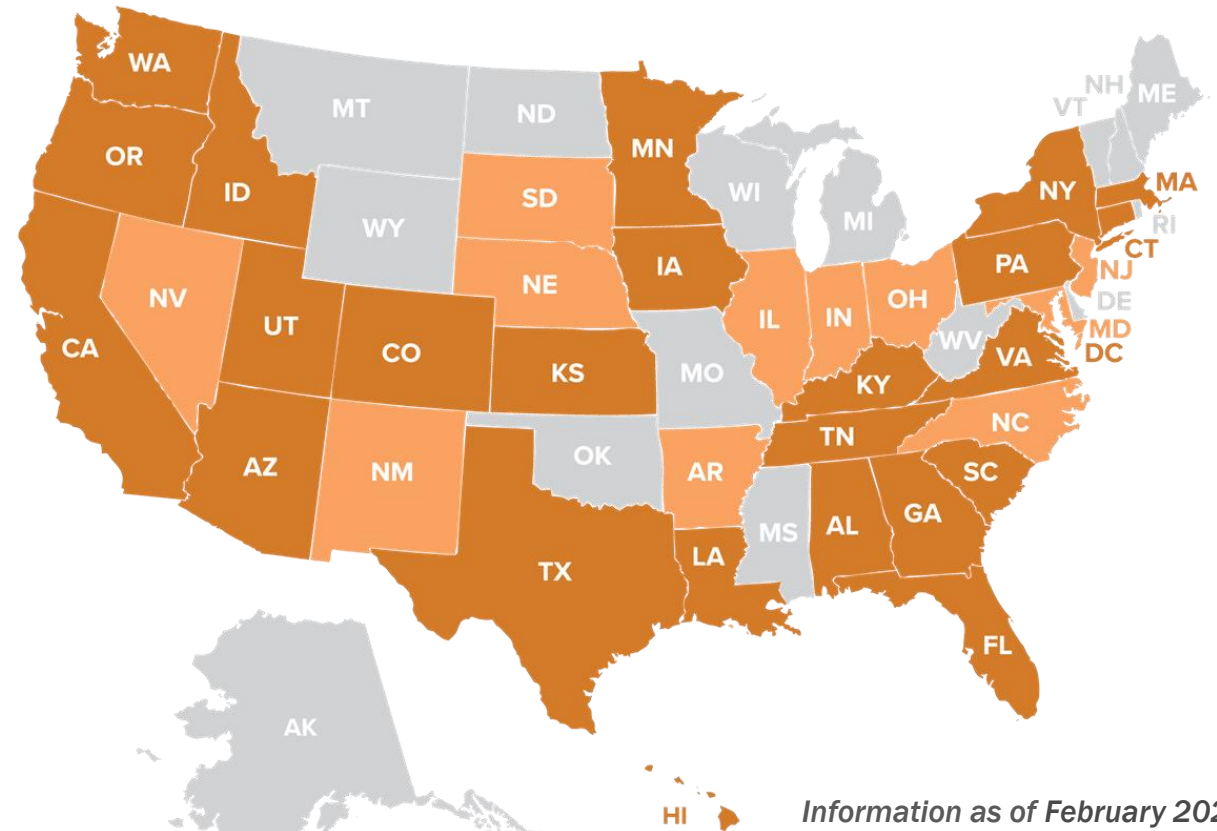
Novogradac estimates of additional affordable rental homes over 10 years

AS OF JANUARY 2024

Note: Effective dates of the AHCIA provisions will be updated when the bill is reintroduced sometime early this year.

Lowering the 50% Test to 30%

850,670 units 2024-2033
(estimate as of Jan. 2024)



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EFFECT OF PRIMARY PROVISIONS

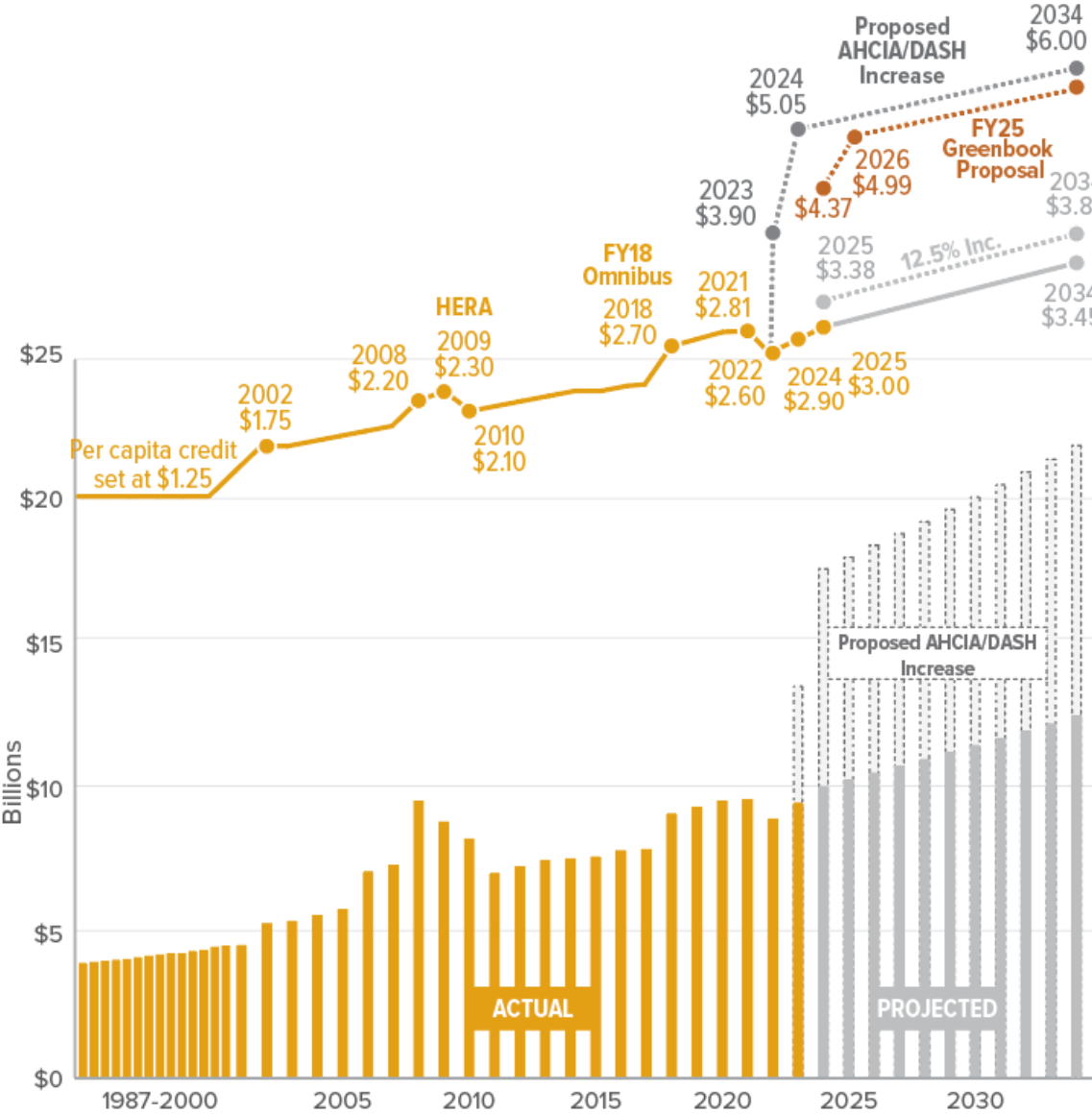
Increase in 9% allocations

Restoring the 12.5% increase in 9% allocations over two years:
16,263 units

(estimates as of Jan. 2024)

Restoring the 12.5% increase in 9% allocations for 2024-2033:
61,940 units

9% LIHTC Allocations



Sources: Novogradac; Calculated based on data from National Council of State Housing Agencies' Annual State HFA Factbooks, Census, IRS, Congressional Budget Office and Bureau of Labor Statistics



Potential New Incentives

Possibilities, Opportunities & Concerns



Neighborhood Homes Tax Credit

Single-family tax credit for distressed communities



Workforce Housing Tax Credit

Based on LIHTC but up to 100% AMI



Office Conversion Credits

\$15 billion to state agencies to help convert distressed office and commercial real estate to affordable housing



Preservation Tax Incentive

Syndicate tax losses to the individual investor market to rehab affordable housing



Neighborhood Homes Tax Credit

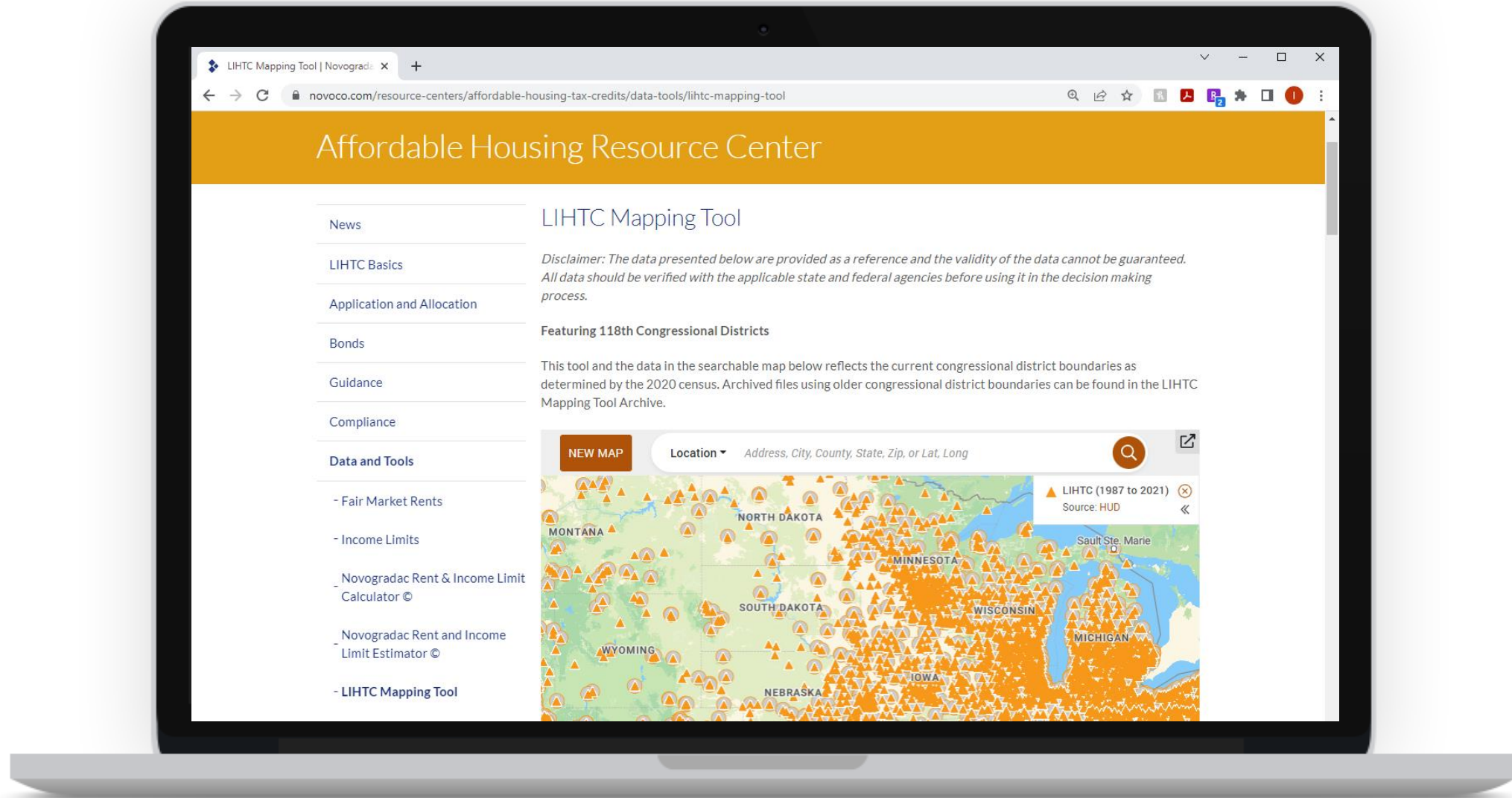
WORKING GROUP™

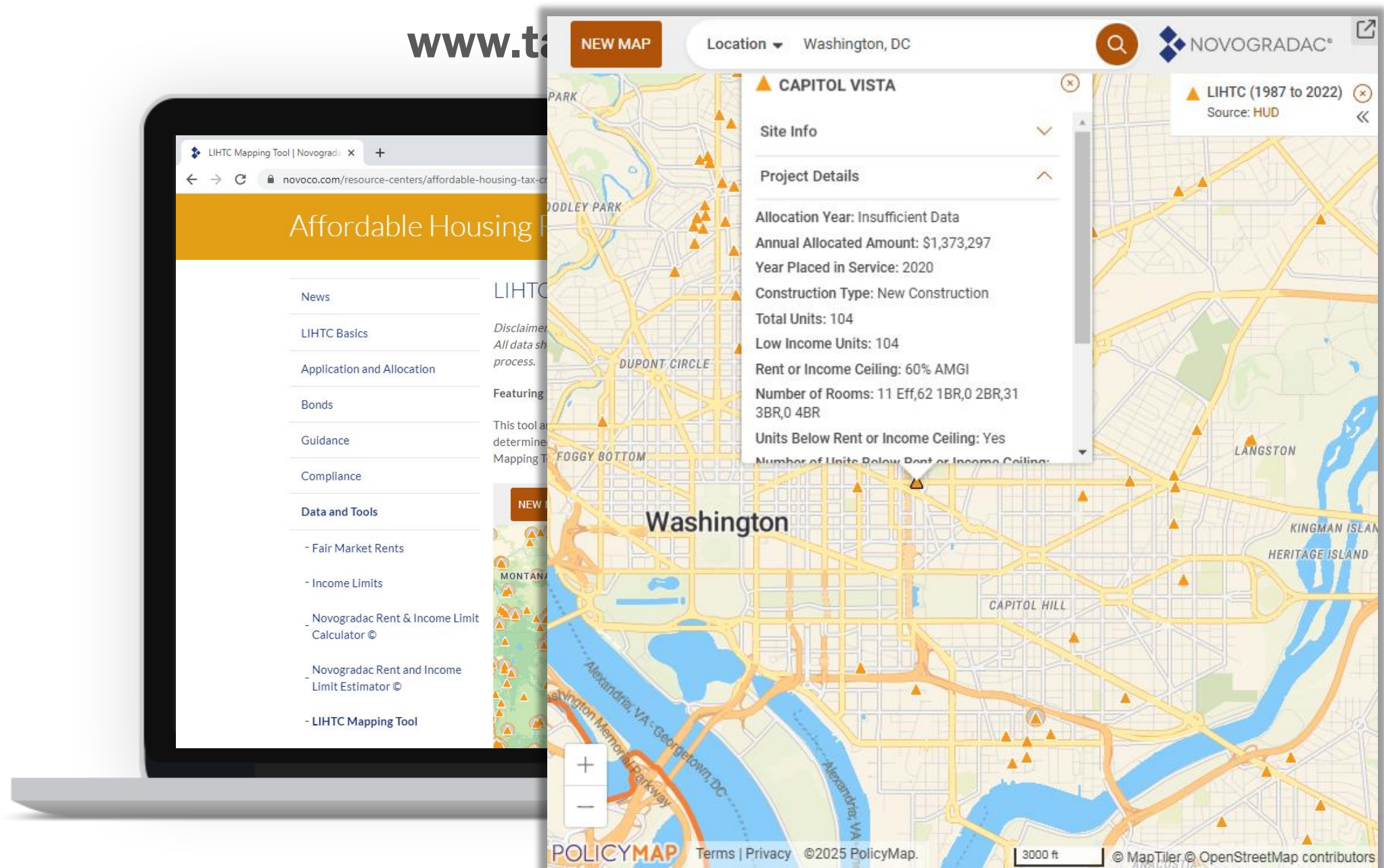
hosted by Novogradac

For more information or membership details contact Karen.Destorel@nc-llp.com.

Preservation Tax Incentives Working Group being formulated.

Contact Karen.Destorel@nc-llp.com for more information



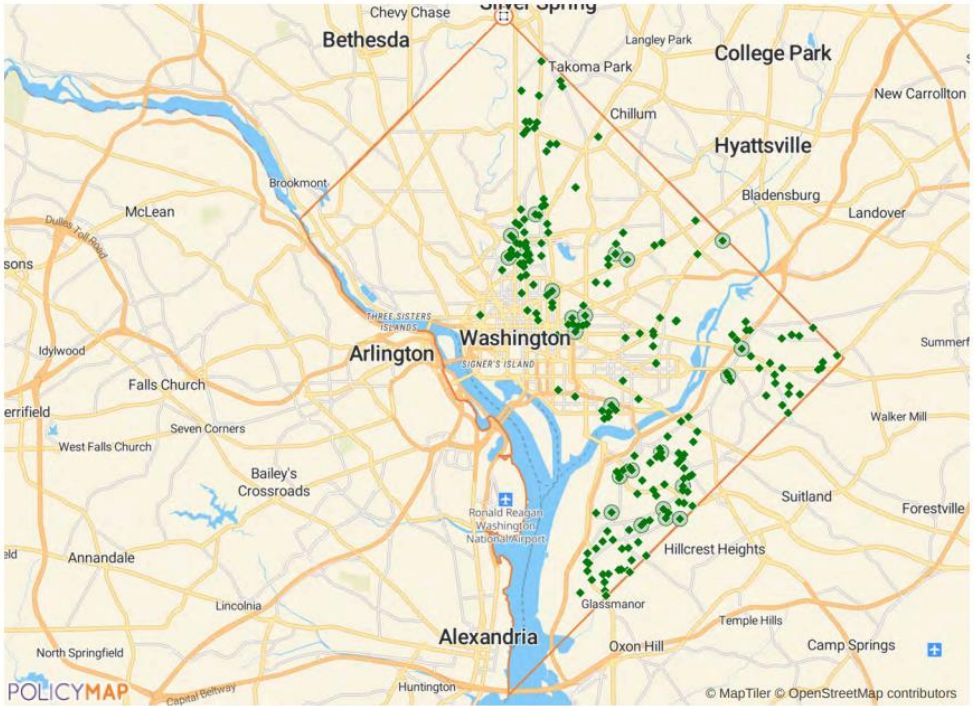


Reports of LIHTC Properties by State and Congressional District

www.taxcredithousing.com




LIHTC Properties in Washington
D.C. Through FY 2022



LIHTC Properties in Washington D.C.
Through 2022


Project Name	Address	City	State	Zip Code	Nongprofit Sponsor	Allocation Year	Annual Allocated Amount	Year PIS	Construction Type	Total Units	Low Income Units	Rent or Income Ceiling	Credit %	HUD Multi-Family Financing/ Rental Assistance
TYLER HOUSE	1200 N CAPITOL ST NW	WASHINGTON	DC	20002	No	1997	0	1995	Acquisition and Rehab	284	284		30% present value	
BENNING ROAD HOUSING COOPERATIVE	4625 BENNING RD SE	WASHINGTON	DC	20019	Yes	1997	0	1997	Acquisition and Rehab	86	86		30% present value	
MEADOW GREEN COURTS	3539 A ST SE	WASHINGTON	DC	20019	No	1994	0	1997	Acquisition and Rehab	470	470		70% present value	
CRESCENT PARK VILLAGE	2 ELMIRA ST SE	WASHINGTON	DC	20032			Insufficient Data	1999	Insufficient Data	110	110		70% present value	
EDGEWOOD GARDENS	401 EDGEWOOD ST NE	WASHINGTON	DC	20017			Insufficient Data	1999	Insufficient Data	200	200		70% present value	
WALBRAFF APTS	3025 15TH ST NW	WASHINGTON	DC	20009	No	1999	0	1999	Both - New Construction and A/R	28	28		30% present value	
CONGRESS PARK I	1327 SAVANNAH ST SE	WASHINGTON	DC	20032	No	2000	0	2000	Acquisition and Rehab	163	163		30% present value	
HANOVER COURTS	2400 HARTFORD ST SE	WASHINGTON	DC	20020	No	2000	0	2000	Acquisition and Rehab	74	74		30% present value	
MADISON COURTS	32 CHESAPEAKE ST SW	WASHINGTON	DC	20032	No	2000	0	2000	Acquisition and Rehab	78	78		30% present value	
MAPLEWOOD COURTS	2306 HARTFORD ST SE	WASHINGTON	DC	20020	No	1999	0	2000	Acquisition and Rehab	94	94		30% present value	
FORT STEVENS HILL APTS	1320 FT STEVENS DR NW	WASHINGTON	DC	20011	No	1998	0	2000	Acquisition and Rehab	59	59		30% present value	
PETWORTH STATION APTS	930 RANDOLPH ST NW	WASHINGTON	DC	20011	No	1998	0	2000	Acquisition and Rehab	78	78		30% present value	No
ROCKBURN ESTATES	2600 JASPER ST SE	WASHINGTON	DC	20020	No	1999	0	2000	Acquisition and Rehab	224	224		30% present value	






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ACTION National, State, & District Fact Sheets

Check out ACTION's **National Fact Sheet** to see the impact of the Housing Credit across all US states and territories. Click on your state below to access ACTION's State and Congressional District Fact Sheets:



Low-Income Housing Tax Credit Impact In the District of Columbia


The ACTION Campaign represents over 2,400 organizations and businesses working to address our nation's severe shortage of affordable rental housing by supporting the Low-Income Housing Tax Credit.




The Housing Credit's Benefits For Low-Income Families And The Economy, 1986 - 2023

23,066
homes developed or preserved in DC

53,744
low-income households served


36,171
jobs supported for one year

\$1.46 billion
in tax revenue generated

\$4.06 billion
in wages & business income generated

The Need for Affordable Housing

Though the Housing Credit has had a tremendous impact across the country, much more affordable housing is still needed to meet the growing demand.

44,725 renter households in the District of Columbia pay more than half of their monthly income on rent, leaving too little for other expenses like health care, transportation, and nutritious food.

In order to afford a one-bedroom apartment, a minimum wage worker in the District of Columbia has to work 73 hours per week.

Visit rentalhousingaction.org for data sources and methodologies.

Updated November 2024

The Low-Income Housing Tax Credit (Housing Credit) is a proven solution to help address the affordable housing crisis.

The Housing Credit is our nation's most successful tool for encouraging private investment in affordable rental housing.

It has financed 4 million homes for low-income families and individuals nationwide since 1986.

The ACTION Campaign calls on Congress to:

- Expand the Housing Credit to address the severe shortage of affordable housing.
- Strengthen the Housing Credit to maximize impact in communities facing the greatest need.
- Enhance multifamily Housing Bonds, which provide critical financing to over half of all Housing Credit homes.

Addressing Our Nation's Severe Shortage Of Affordable Housing

Up to 35,800 additional affordable homes could be financed in DC by the primary unit financing provisions in the *Affordable Housing Credit Improvement Act*.

February 28, 2025

www.novoco.com

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Affordable Housing and Opportunity Zones



January 3, 2025

Deputy Secretary Nominee Michael Faulkender
Trump Administration Transition Team

Submitted via email

Re: Legislative and Regulatory Proposals to Enhance and Strengthen the OZ Incentive

Dear Mr. Faulkender:

The Novogradac Opportunity Zones Working Group congratulates you on your selection by President-elect Donald Trump to be Deputy Secretary of the Treasury. We look forward to working with you and others in the incoming Trump administration and Congress to extend, renew, and modernize the opportunity zones (OZ) incentive. For your and the rest of the incoming Trump administration's consideration, attached is a summary of consensus legislative and regulatory proposals developed by the Opportunity Zones Working Group that would enhance and strengthen the OZ incentive.

The OZ Working Group has been working with the OZ incentive since well before its enactment, going as far back as working with then Representative Pat Tiberi on its original introduction in the House. Membership of the OZ Working Group includes investors, syndicators, lenders, qualified opportunity funds (QOFs), community development entities (CDEs), community development financial institutions (CDFIs), for-profit and nonprofit developers, consultants, accountants, attorneys and other community development stakeholders who work together to suggest consensus solutions to technical OZ incentive issues and provide recommendations to make the OZ incentive more efficient in delivering benefits to low-income communities.

Since its enactment in 2017 as part of the Tax Cuts and Jobs Act (TCJA), the OZ incentive has been a driving force behind a substantial influx of private capital into low-income communities throughout the United States. According to the Joint Committee on Taxation, the OZ incentive has generated nearly \$85 billion in QOF investments through 2022. We believe that the reach, diversity, and economic impacts of OZ investment will only continue to increase in the coming years as the administration works to extend, renew and further refine the incentive. We also suggest that great care be taken to ensure that any regulatory or statutory modifications do not suppress this momentum and thus the flow of capital that is desperately needed in these disadvantaged communities.

The OZ incentive has proven, well documented, positive economic and social impacts in low-income communities across America. The OZ incentive has earned the right to be extended and



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www.opportunityzonesresourcecenter.com | jason.watkins@novoco.com

Opportunity Zones Working Group Recommendations

Legislative

Short-term recommendations:

- Extend the deadline for OZ investment beyond 2026
- Make opportunity zones more transparent
- Allow fund of funds investing
- Promote greater OZ investment in rural communities

Longer-term recommendations:

- Permanence of the OZ incentive, with regularly scheduled OZ redesignations
- Rolling deferral periods
- Deeper distress requirements for OZ eligibility, with increased percentage of OZ designations
- **Allowing non-capital gain investments**
- Interim gain reinvestments
- **Recommendations to allow for easier combination with other tax incentives**



Opportunity Zones Working Group Recommendations

Regulatory



- **Proposals to stimulate more investment in affordable housing**
 - Conversions from market-rate to affordable housing
 - Modified definition of “substantial improvement” for affordable housing projects
- Modified definition of “substantial improvement” for existing operating businesses to stimulate expansion/job creation
- Proposal to increase participation by banks: addition of OZs as community reinvestment act-eligible investments.
- Proposal for greater data collection and monitoring
- Clarify and simplify the working capital safe harbor

OZs – Possibilities, Opportunities & Concerns

Legislative Impact

- OZ 1.5
 - Extend 2026 deadline
 - Reporting requirements
 - Phasing out of high-income tracts
- OZ 2.0
 - Robust renewal
 - Permanence
- Rural OZ bill

Regulatory Impact

- Promote Affordable Housing
- Opportunity Zones Working Group recommendations



Visit www.opportunityzonesresourcecenter.com for more information or contact Jason.Watkins@novoco.com.

For membership details contact Karen.Destorel@nc-llp.com.

Opportunity Zones Transparency, Extension, and Improvement Act

H.R. 5761 INTRODUCED SEPT. 27, 2023

- Title I - **Modification Of Tracts Qualified To Be Designated As Qualified Opportunity Zones**
 - Sec. 101. Modification Of Tracts Qualified To Be Designated As Qualified Opportunity Zones
 - Sec. 102. Certain Former Industrial Tracts Permitted To Be Designated As Opportunity Zones [H.R.7183 “Rust to Revitalization Act”]
- Title II - **Information Reporting Requirements** [S.2994 “IMPACT Act”]
 - Sec. 201. Information Reporting On Qualified Opportunity Funds
 - “Sec. 6039K. Returns With Respect To Qualified Opportunity Funds”
 - “Sec. 6039L. Information On Persons Investing In Qualified Opportunity Funds”
 - “Sec. 6039M. Information Required from Certain Qualified Opportunity Zone Businesses. “
 - “Sec. 6726. Failure To Comply With Information Reporting Requirements Relating To Qualified Opportunity Funds.”
- Title III - **Modification of Rules for Investments in Qualified Opportunity Funds**
 - Sect. 301. Extension of Deferral Period
 - Sect. 302. Modification Of Definition Of Qualified Opportunity Fund
- Title IV - **State And Community Dynamism Fund**
 - Sec. 401. State And Community Dynamism Fund

NMTCs – Possibilities, Opportunities & Concerns

Legislative Impact

- Permanence (\$5 billion with annual inflation adjustment) and AMT offset
- Rural Jobs Act
- Maybe eliminate basis reduction
- NMTC Coalition proposals
 - Ramp up to \$10 billion over 2026-30
 - Allow census blocks to qualify in large rural census tracts
 - Targeted populations change
 - Difficult to Serve additional allocations
- Less likely: tribal allocations, tribal QALICB definition change
- CDFI Funding
- Potential 15% corporate rate for domestic manufacturing

Regulatory Impact

- CRA
- Bank Capital Changes
- QEI/QLICI Issuance Deadlines
- Flexibility for Rural and Native American communities



Visit www.newmarketscredits.com for more information or contact Brad.Elphick@novoco.com or Karen.Destorel@nc-llp.com.

New Markets Tax Credit Extension Act of 2025

Introduced February 6, 2025

118th Cosponsors : H.R. 2539: 64R 61D

119th Cosponsors : H.R. 1103: 16R 10D as of 2/26/2025

H.R. 1103



TENNEY
R-NY



SEWELL
D-AL



KELLY
R-PA



DAVIS
D-IL



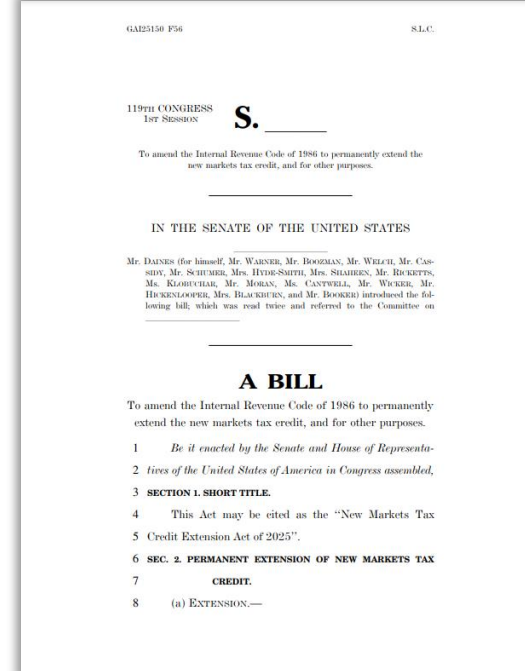
MILLER
R-WV



MOORE
R-WI

118th Cosponsors : S. 234: 11R 11D 1I

119th Cosponsors : S. 479: 10R 10D as of 2/26/2025



DAINES
R-MT



WARNER
D-VA



CASSIDY
R-LA



CANTWELL
D-WA



BLACKBURN
R-TN



SCHUMER
D-NY

The Goal

The NMTC Extension Act

H.R. 1103 | S. 479



Indefinite extension of the NMTC starting at \$5B per year



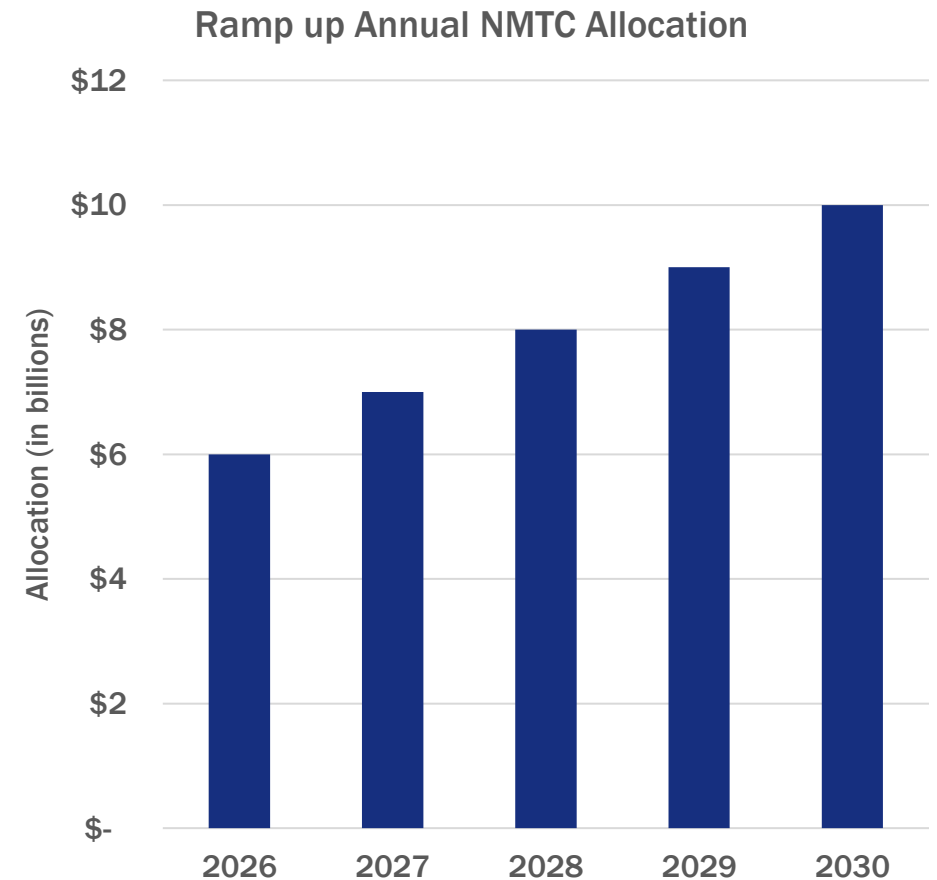
Inflation adjustment starting in 2026



AMT relief for NMTC investors

Additional Improvements

- Increase Annual NMTC Allocations
- Eliminate Basis Adjustment
- Improve Targeted Populations
- Provide Additional NMTC Allocation for Disaster Assistance
- NMTC Allocation for Difficult-to-Serve Areas
(severely distressed tracts without previous NMTC transactions)
- Expand NMTC investment in Indian Country
 - Tribal Tax Investment and Reform Act of 2024 (set-aside plus eligibility changes)
 - Definition of a QALICB (tribally incorporated businesses)
- Enact Rural Jobs Act (HR 5026/S.1455)



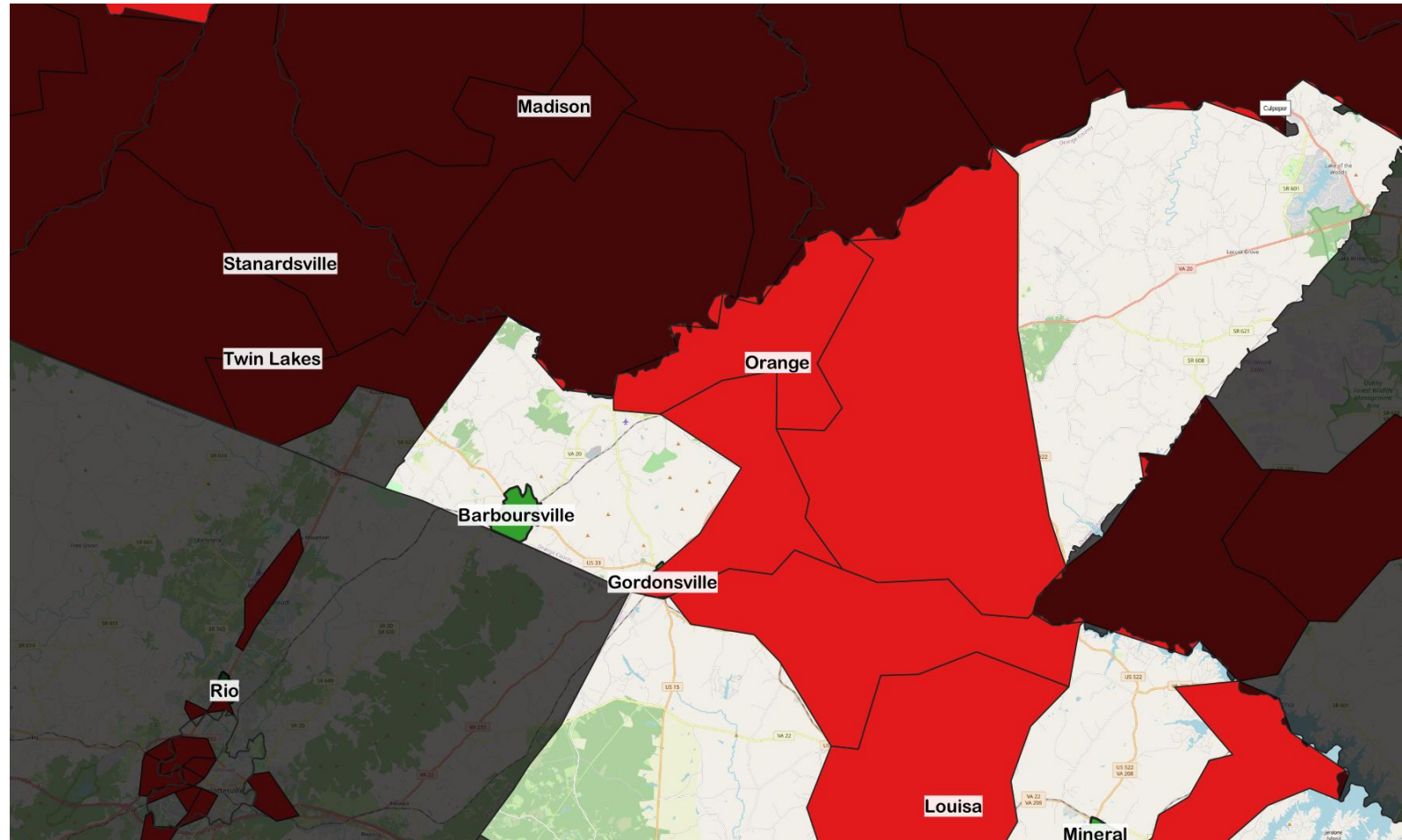
Rural Jobs Act

Expand the NMTC in Rural Communities

- Make Distressed Census Designated Places Eligible

Example: Barboursville, VA

- Population: 768
- Orange County, VA (Non-metropolitan county)
- Poverty rate: 80.1%
- Median family income: 18.4% of AMI



Darkened areas are metropolitan counties
Red areas (or dark red) are eligible NMTC census tracts

What Works?

- Invite members to project events and site visits.
- Write an op-ed.
- Highlight NMTCs in project press and on LinkedIn. #NMTC
- Complete NMTC Coalition's annual project survey.
- Visit members' offices and participate in lobby days.
- Craft a compelling message for your elected officials.



NMTC Working Group
198 followers
2mo •

We're on LinkedIn! To learn more about the NMTC Working Group and how you can become a member, go to <https://novogradac.com/51i>. You can also follow us on X - @NMTCWG. Follow us here and on X for #NMTC updates ...more

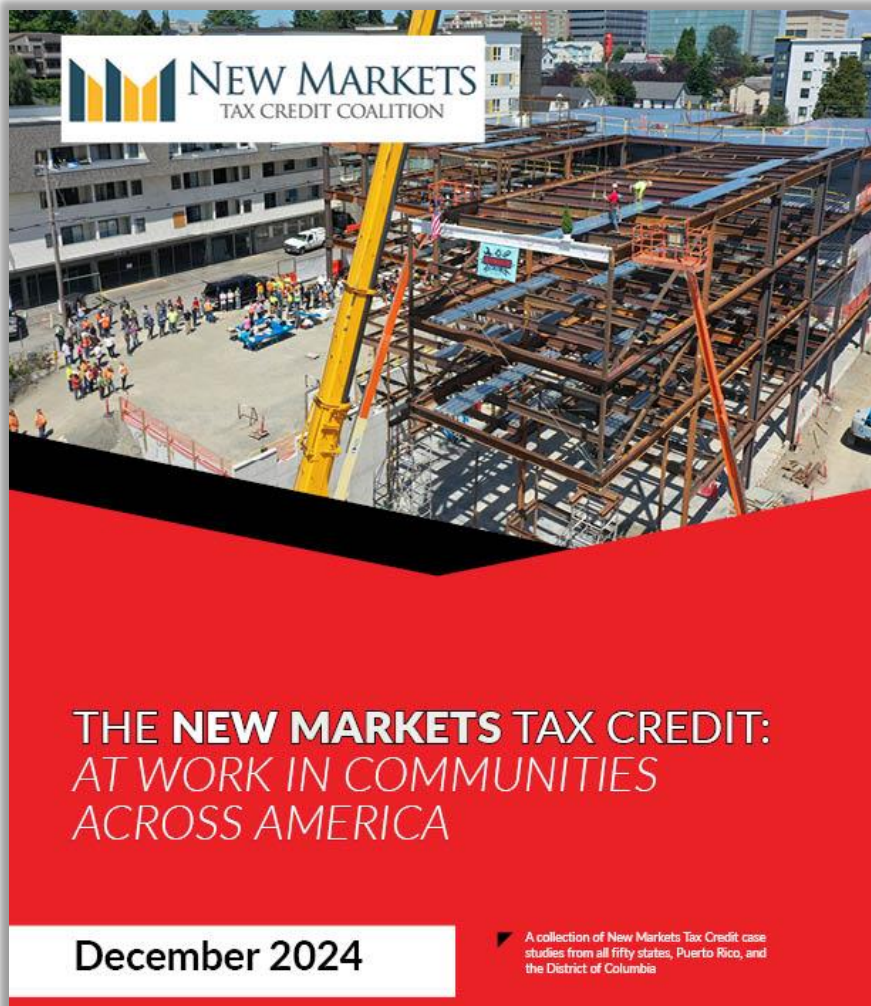
**NMTC
WORKING GROUP**
hosted by Novogradac

JOIN THE DISCUSSION

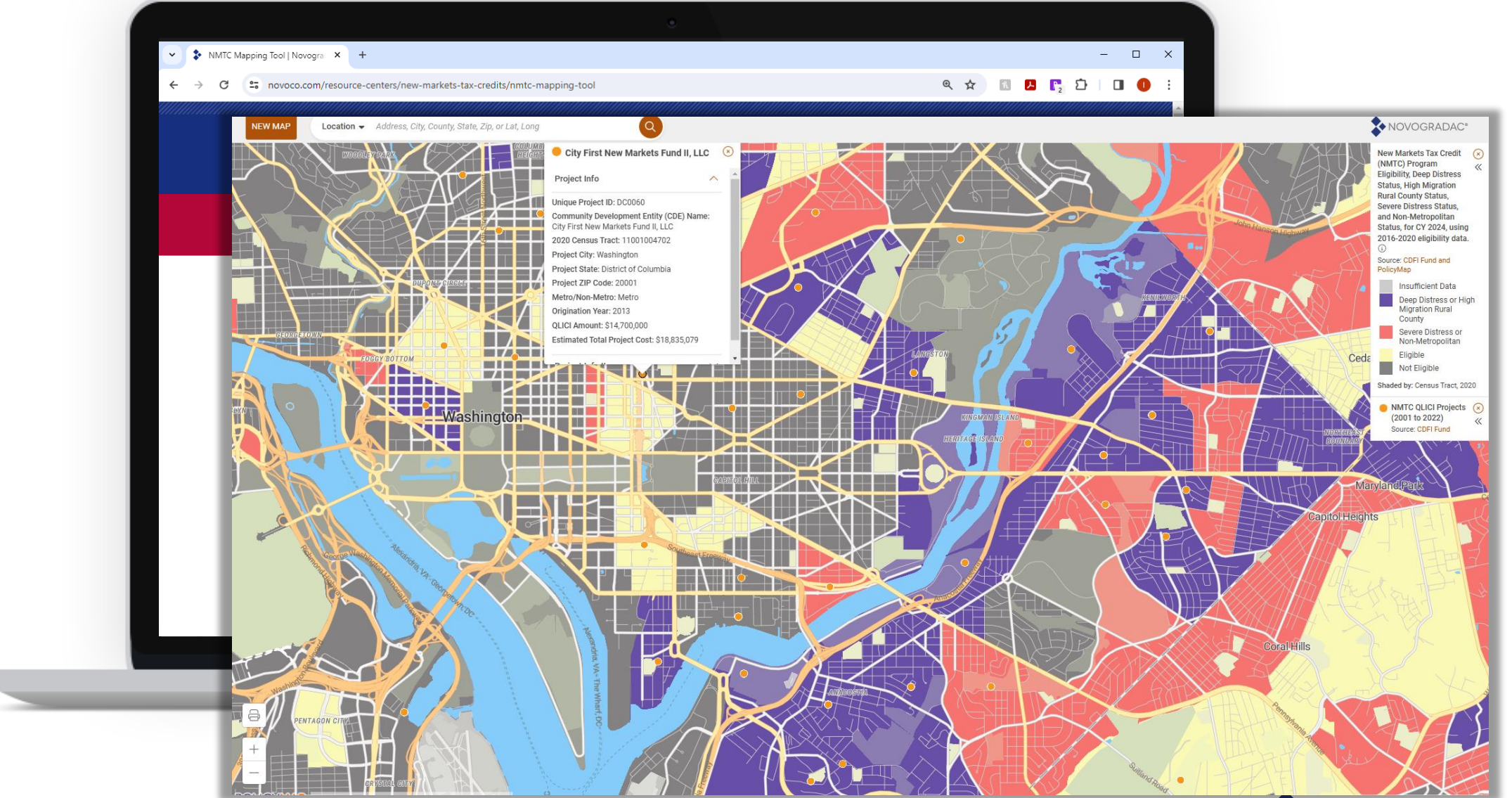
- Add your voice
- Resolve technical issues
- Stay current on NMTC program concerns

www.nmtcworkinggroup.com

NMTC Coalition Research, Publications and Conference



- The NMTC: At Work in Communities Across America (Dec. 2024)
- CDE Survey of 2024 NMTC Projects: Opens in **February**
- NMTC Coalition Fly-In and Conference
 - **June 4th, 2025**, Washington, DC
 - Lobby Day and Congressional Briefing on the NMTC



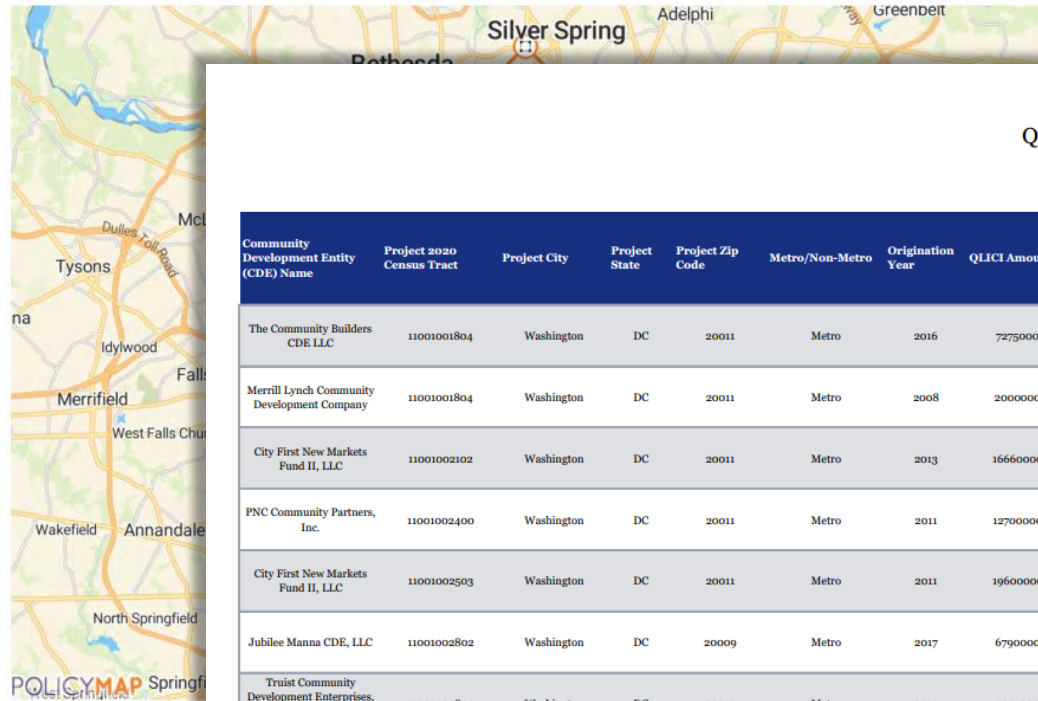
QLICI Project Maps

www.newmarketscredits.com

Updated for FY 2022
QLICI reports by state
and Congressional
District



QLICIs in Washington D.C.
Through 2022



QLICIs in Washington D.C Through FY 2022

Community Development Entity (CDE) Name	Project 2020 Census Tract	Project City	Project State	Project Zip Code	Metro/Non-Metro	Origination Year	QLICI Amount	Estimated Total Project Cost	QALICB Type	Multi-CDE?	Multi-Tract QLICI?
The Community Builders CDE LLC	11001001804	Washington	DC	20011	Metro	2016	7275000	9302091	RE	NO	NO
Merrill Lynch Community Development Company	11001001804	Washington	DC	20011	Metro	2008	2000000	8623850	NRE	NO	NO
City First New Markets Fund II, LLC	11001002102	Washington	DC	20011	Metro	2013	16660000	6763152	RE	NO	NO
PNC Community Partners, Inc.	11001002400	Washington	DC	20011	Metro	2011	12700000	26050000	SPE	YES	NO
City First New Markets Fund II, LLC	11001002503	Washington	DC	20011	Metro	2011	19600000	19600000	NRE	NO	NO
Jubilee Manna CDE, LLC	11001002802	Washington	DC	20009	Metro	2017	6790000	7245528	SPE	NO	NO
Truist Community Development Enterprises, LLC a Domestic Limited Liability Company	11001002802	Washington	DC	20010	Metro	2010	4025000	7225000	NRE	NO	NO
CFBanc Corporation	11001003000	Washington	DC	20010	Metro	2006	9000000	29000000	RE	NO	NO
City First New Markets Fund II, LLC	11001003100	Washington	DC	20010	Metro	2008	22011021	26000000	RE	YES	NO
ESIC New Markets Partners LP	11001003802	Washington	DC	20009	Metro	2007	8655400	8844400	RE	NO	NO



2025 Tax Policy Outlook

for the NACCED Legislative Conference

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