



Housing Advisory Group



With the Memorial Day recess period rapidly approaching, the House and Senate have shifted into high gear to complete work on legislation to extend expiring tax provisions. This is the so-called extenders bill. Efforts also are underway to complete work on a small business jobs tax package before the break. This is an ambitious schedule, and things are fluid, but we wanted to update you regarding the outlook for including our proposals in either of these bills.

As you will recall, the 9 percent exchange provision is included in both the Senate- and House-passed extenders bills. The Leadership of both bodies and the Chairs of the taxwriting committees have been discussing how these bills can be reconciled and how the packages will be paid for under the pay-as-you-go rules. As a starting point, they have discussed including items that were identical or substantially the same in both bills. This would appear to give the 9 percent exchange a good chance to be included in the final bill. The real challenge for completing work on the extenders bill is to craft revenue offsets that are acceptable to both the House and Senate. So far, this has been an extraordinarily difficult task.

With respect to the small business and infrastructure jobs bill, you may recall that the House passed its version in late March. This bill, H.R. 4849, includes a provision that would allow owners, at their election, to receive a direct payment in lieu of the 4 percent LIHTC. We understand that the House now hopes to incorporate some of the infrastructure items that were in H.R. 4849 into the extenders bill. At this time, however, it appears that revenue constraints may prevent inclusion of the 4 percent LIHTC provision in the extenders package or in the final small business bill.

The Senate Finance Committee hopes to mark up its version of a small business jobs bill as soon as next week. This bill might provide an opportunity to consider LIHTC provisions, and we have been working with our Senate champions and the industry in support of this effort. As we reported earlier, this will not be an easy lift because of the need to pay for any provisions that lose revenue.

In related news, on May 6, Senator Maria Cantwell (D-WA) introduced S. 3326 which includes the LIHTC carryback and a 4 percent LIHTC exchange provision similar to the Sect. 1602 9 percent exchange. Senators John Kerry (D-MA) and Barbara Boxer (D-CA) joined Senator Cantwell as original cosponsors. Earlier this year, Senator Jeff Bingaman (D-NM) introduced S. 3141 which includes the carryback provisions for both existing credits and credits generated from future investments. We will continue to contact our Senate friends urging them to cosponsor and strongly support these bills. As mentioned above, including provisions from the Bingaman and Kerry bills in an upcoming tax bill will not be easy due to the pay-as-you-go rules.

Because the timeframe to complete the extenders and small business jobs bills is limited, both the process and agenda could change. We will keep you posted on developments.

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