

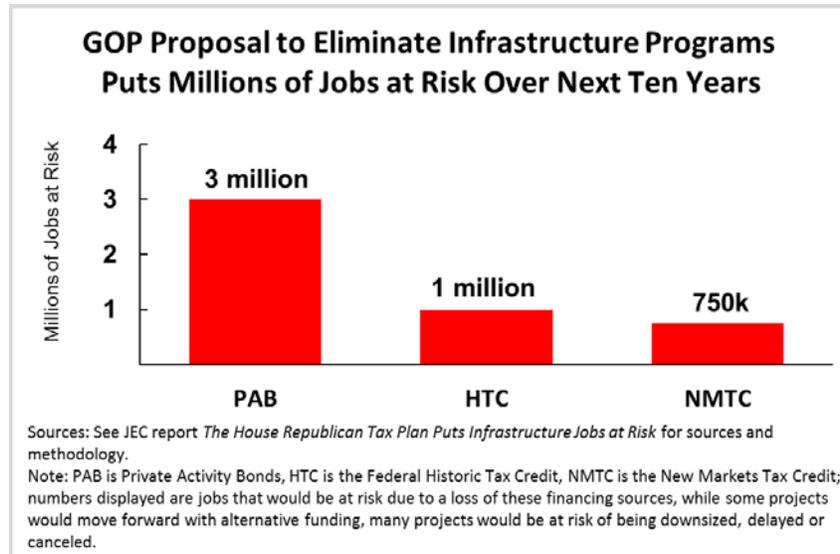


The House Republican Tax Plan Puts Infrastructure Jobs at Risk

Buried in the Trump-Republican tax plan, which has been worked on behind closed doors for months, are a number of provisions that could have a dramatic impact on infrastructure investment and job creation across the country.

Despite repeated promises throughout the campaign that the Trump administration was planning to prioritize infrastructure investment and job creation, the White House has done nothing but propose cut after cut to critical infrastructure programs and their latest tax plan is no different. In order to pay for tax breaks for the wealthy, the Trump-Republican plan eliminates programs that are vital to building water and sewer projects; improving airports and roadways; constructing schools, hospitals, and affordable housing; and redeveloping blighted neighborhoods.

The House Republican tax plan eliminates Private Activity Bonds, the New Markets Tax Credit, and the Historic Tax Credit Program. These programs support infrastructure projects across the country, enable community development, and generate jobs. *Eliminating these programs could put more than four and a half million jobs at risk over the next ten years.*¹



Private Activity Bonds

Private Activity Bonds (PABs) are used to help local communities support infrastructure, housing, health, and education projects through tax-exempt financing. States can issue these bonds, up to a certain cap, to finance private projects as long as the projects have a broad public benefit. PABs are often used in combination with the Low Income Housing Tax Credit (LIHTC) to construct affordable rental housing.

PABs are a key financing source for hospitals, retirement communities, cancer centers, postsecondary schools, private non-profit schools, and other health and education facilities. Additionally, the bonds provide a critical source of funding for a wide array of infrastructure projects, particularly airports, ports, sewage and wastewater facilities, and highways.

Tax-exempt bonds for non-profits alone supported nearly 300,000 jobs in 2013.² Adding in other infrastructure projects, the number of jobs supported annually by PABs is likely much higher. *Eliminating PABs could put more than 3 million jobs at risk over the next ten years.*

Below are just a small set of examples of some of the types of projects funded with PABs:

- **Pennsylvania:** Pennsylvania has over 6,000 bridges rated as structurally deficient. PennDOT has selected 558 of these bridges—based on their size, design, and requirements—and bundled them together as the Pennsylvania Rapid Bridge Replacement Project. Financing for the \$1.1 billion project includes \$794 million in PABs.³
- **Indiana/Kentucky:** The Ohio River Bridges Downtown Crossing and East End Crossings requires new bridge facilities and associated roads and facilities connecting Kentucky and Indiana to improve cross-river mobility, and enhance the livability, economic competitiveness, and safety of the region. When completed, the project is estimated to generate \$3.2 billion in travel time savings-related benefits. The \$2.3 billion project is financed using \$677 million in PABs in addition to other grant, loan, and equity funds.⁴
- **New York:** Serving more than 25 million passengers annually and employing approximately 10,000 people, LaGuardia Airport contributes more than \$13.6 billion in economic activity to the region. After falling into a state of disrepair, the airport is undergoing an extensive redevelopment program to modernize the facility and meet passenger and airline demand. The \$4.2 billion rehabilitation of the airport's Central Terminal Building is being financed with \$2.5 billion in PABs.⁵

New Markets Tax Credit

The New Markets Tax Credit (NMTC) stimulates investment, job creation, and growth in low-income urban neighborhoods and rural communities. The credit is vital to helping businesses in these neighborhoods access affordable and patient private capital. Every \$1 of federal spending on the program generates \$8 in private investment.⁶

Since its inception, NMTC investments have supported over \$42 billion direct investments and nearly \$80 billion in total capital investments.⁷ Between 2003 and 2012, the NMTC generated an average of 75,000 jobs per year.⁸ *Eliminating the NMTC could put 750,000 jobs at risk over the next ten years.*

Below are just a small set of examples of some of the types of projects funded with NMTCs:

- **Minnesota:** Viracon is a rural, Minnesota-based manufacturer of energy-efficient specialty glass for skyscrapers that employs 800 workers. Through the NMTC, Midwest

Minnesota Community Development Corporation (MMCDC) was able to provide \$14.4 million in low-cost financing for a new production line at their plant in Owatonna, Minnesota. The project helped the company remain competitive on a global scale.⁹

- **New Mexico:** Businesses in downtown Las Cruces, one of New Mexico's largest cities, were already struggling to stay afloat when the Great Recession hit. The Pro's Ranch Market project established the first major grocery store in the downtown area. The project is credited with creating 300 permanent jobs and another 100 temporary jobs at a time they were sorely needed. The NMTC, which provided \$12.5 million in financing, was vital to the success of the project.¹⁰
- **Tennessee:** Located in a severely underinvested area where the poverty and unemployment rates are much higher than the national average, the historic Sears Roebuck & Co. Distribution Center in Memphis has been redeveloped into a mixed-use facility with restaurants, retail, fitness centers, a charter high school, and office buildings which are expected to create 800 jobs and generate more than \$37 million in new wages annually. The \$200 million redevelopment of the building, which had been vacant for the prior 20 years, was partially financed through the NMTC, which provided low-cost financing to community-oriented tenants.¹¹

Historic Tax Credit

The Historic Tax Credit (HTC) program supports communities across the country in revitalizing historic buildings that otherwise would have fallen into a state of disrepair. The credit funds a portion of substantial renovations to income-producing historic buildings, and must be matched by private or other public funds. These projects can be vital for the communities they are in—more than half of projects in 2016 were in low- or moderate-income neighborhoods.¹²

The HTC has facilitated over \$131 billion in rehabilitation investment and created over 2.4 million jobs. In 2016 alone, the program supported projects that employed 109,000 workers.¹³ *Eliminating the HTC could put more than 1 million jobs at risk over the next ten years.*

Below are just a small set of examples of some of the types of projects funded with HTCs:

- **North Carolina:** The historic R.J. Reynolds tobacco factory in Winston-Salem has been converted into a 240,000 square foot state-of-the-art medical research and biotech park in the heart of downtown. Wake Forest University and North Carolina Baptist Hospital jointly own and operate the medical center, which is the largest private employer in the city and houses laboratory, meeting, office and retail space, and is also home to a business accelerator. The \$103 million rehabilitation of the former factory, was partially financed with an allocation of over \$20 million federal HTC.¹⁴
- **Louisiana:** The Kress at Third & Main is comprised of three buildings constructed in the late 19th and early 20th centuries which are listed on the National Register of Historic Places. The Kress Building was home to a major event in the civil rights movement, the Baton Rouge Sit-Ins. Through the use of federal the HTC and NMTC, the buildings were rehabilitated in 2009 into a single multi-use building with retail and office space in addition to residential condos.¹⁵

¹ Some of these projects may find alternative sources of funding or continue on a smaller scale, but the uncertainty around the tax plan and a lack of a concrete infrastructure plan mean that many of these projects would likely not move forward without these funding sources. Additionally, removing this financing could curtail future projects.

² <https://www.naheffa.com/uploads/2/9/2/5/29251611/naheffaeconomicimpactreport.pdf>

³ <https://www.transportation.gov/policy-initiatives/build-america/Pennsylvania%20Rapid%20Bridge%20Replacement%20Project%2CStatewide>

⁴ <https://www.transportation.gov/tifia/financed-projects/ohio-river-bridges-east-end-crossing>;
<https://www.transportation.gov/buildamerica/ohio-river-bridges>

⁵ <http://www.panynj.gov/airports/lgareimagined/> ; <https://commercialobserver.com/2016/06/laguardia-airports-new-4-2b-terminal-cleared-for-landing/>

⁶ <https://www.cdfifund.gov/programs-training/Programs/new-markets-tax-credit/Pages/default.aspx>

⁷ <http://nmtccoalition.org/fact-sheet/>

⁸ <http://nmtccoalition.org/wp-content/uploads/A-Decade-of-the-NMTC.pdf>

⁹ <http://nmtccoalition.org/wp-content/uploads/NMTC-in-Rural-July-2014.pdf>

¹⁰ <https://docs.google.com/viewerng/viewer?url=http://nmtccoalition.org/wp-content/uploads/New-Mexico-Pro-Ranch-Market.pdf>

¹¹ <http://nmtccoalition.org/wp-content/uploads/NMTC-at-Work-2016.pdf>

¹² <https://www.nps.gov/tps/tax-incentives/taxdocs/economic-impact-2016.pdf>

¹³ *ibid.*

¹⁴ <http://www.macrostiehistoric.com/mha-wakeforest-project> ;

https://www.nytimes.com/2015/04/29/realestate/commercial/technology-overtakes-tobacco-in-winston-salem-nc.html?_r=0

¹⁵ https://downtownbatonrouge.org/wp-content/uploads/2017/02/Historic_Packet_Digital_Finalweb.pdf