



YORK COUNTY Economic Alliance

Chamber of Commerce & Economic Development Corp.

YCEA Statement on Final Passage of Tax Cuts and Jobs Act

With diverse support from business and community leaders, the York County Economic Alliance advocated for the preservation of the Historic Tax Credit, New Markets Tax Credit, and Private Activity Bonds in the Tax Cuts and Jobs Act. Noted in our discussion with our Congressman, Senators, and their offices, cuts to tax credits or availability of tax exempt financing would have brought drastic implications to York County's economy and could have put an estimated \$40,000,000 in 2018 local activity at risk. Below is an overview of the tax credits and financing programs:

Historical Tax Credit (HTC)

The original proposal from the House set to eliminate the HTC. The Senate's version retained HTC, but proposed to reduce the percentage of qualified rehabilitation expenses eligible for the credit and repealed a credit for pre-1936 properties. HTC's availability has allowed for renovation of historic buildings.

After Final Tax Reform Passage:

The credit was retained, but has modifications that the benefits of the tax break for fixing up historic properties would now have to be spread over five years, rather than taken up front in the first year of a project's development. But, the tax bill allows properties purchased by the end of 2017 to operate under the previous tax law, as long as the property is rehabilitated by the end of 2019.

New Markets Tax Credit (NMTC)

The Senate's original proposal did not highlight the tax credit, ultimately preserving NMTCs for at least the FY 2019 round. NMTC's have been key to funding large projects in developing neighborhoods.

After Final Tax Reform Passage:

The credit is retained as listed in the previous tax law, until the end of 2019.

Private Activity Bonds (PABs)

The original proposal from the House called for the repeal and offered no federal tax interest exclusion for future issuances of PABs. Projects such as educational centers, hospitals, highways, and upgrades to water facilities were constructed through public-private partnerships prompted by PABs.

After Final Tax Reform Passage:

PAB's is preserved and continues as listed in the previous tax law.

We thank our federally elected officials and their offices for recognizing that termination or reduction of HTC, NMTC, or PABs could have negatively affected economic growth in York County. We thank our membership, community, and local government leaders who became engaged during this critical period. YCEA looks forward to working with our business community and elected officials to address other aspects of the Tax Cuts and Jobs Act as well as other legislative items that can benefit the county. For now, we can be reaffirmed that economic growth can continue and that local voices were heard in Washington.

YCEA drives York County's economic growth by leveraging the collaboration, resources and expertise needed to create sustainable prosperity.