

Economic Development in the New Tax Law

Opportunities and Concerns



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Welcome and Introductions

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Qualified Opportunity Zones

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Impact on Incentives

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Impact on Incentives

Sec. 13312 of the tax law

“This section modifies the exclusion from gross income for contributions to the capital of a corporation to specify that a contribution to capital does not include a contribution: (1) in aid of construction or any other contribution as a customer or potential customer, or (2) by any governmental entity or civic group (other than a contribution made by a shareholder as such).”

-- *Congressional Research Service*



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Impact on Incentives

Sec. 13312 of the tax law

- What was previously tax exempt as a 'contribution to capital' may no longer be tax exempt
- This may include:
 1. cash
 2. land
 3. equipment
 4. infrastructure



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Impact on Incentives

Sec. 13312 of the tax law

- This may NOT include:
 1. abatements
 2. reductions
 3. credits
 4. exemptions



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Impact on Incentives

Sec. 13312 of the tax law

- Changes effective as of December 22, 2017
- Anything before this date is exempt – but maybe not?
- Anything included as part of a ‘master development plan’ is exempt



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Impact on Incentives

Sec. 13312 of the tax law – additional resources

<https://www.congress.gov/bill/115th-congress/house-bill/1>

<http://lehighvalley.org/federal-1-5-trillion-tax-plan-affects-economic-development-grants/>

<https://www.bna.com/state-tax-incentives-n73014473881/>

<https://www.goodjobsfirst.org/subsidy-tracker>



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Join us at the FED Forum!

March 25-27th in Washington, DC

We'll be talking about these issues and more – including the latest budget deal from Congress, the president's proposal for fiscal 2019 spending, and the infrastructure plan released earlier this week



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