A Roundup of Year-End Activity in DC

As we enter the final two months of 2019, LIIF is closely tracking the outlook for a number of critical federal programs, including the fate of the New Markets Tax Credit (NMTC) and fiscal year (FY) 2020 appropriations for the CDFI Fund and other affordable housing and community development programs.

**New Markets Tax Credit**

NMTC is set to expire at the end of this year unless Congress takes action to extend the program. NMTC enjoys strong bipartisan support, as evidenced by the more than 135 members of Congress who have co-sponsored legislation to make the credit a permanent part of the tax code and increase annual allocation from $3.5 billion to $5 billion. However, tax legislation like the NMTC bill almost never advances as an individual bill, but rather as part of a larger tax package that is often attached to broader spending or other legislation. The outlook for NMTC is therefore tied to the status of a year-end legislative vehicle, which is dependent on much larger political forces – including an agreement on FY 2020 spending bills, a trade deal, and the ongoing impeachment inquiry.

**FY 2020 Appropriations**

The outlook for FY 2020 appropriations is similarly uncertain. Congress has begun work to advance spending bills before the Continuing Resolution (CR) runs out on November 21, although a top lawmaker recently shared that a second CR will likely be needed to fund the government until February or March. That implies that none of the 12 appropriations bills will be completed before November 21, reducing the likelihood of a year-end spending package and instead suggesting that the process will stretch into the new year.

**What’s the Outlook?**

The most likely path forward for an extension of NMTC this year is a broader omnibus package that includes FY 2020 appropriations bills, tax provisions, and other legislative priorities. As it becomes increasingly difficult for Congress to finalize FY 2020 spending bills before the CR runs out in November, Congress may instead choose to enact another CR into the new year, which presents two main implications for LIIF’s work:

- Tax provisions may not have a viable legislative vehicle before the end of the year, increasing the likelihood that NMTC expires temporarily, and
- Appropriated programs will continue to be funded at FY 2019 levels without increases. Without an agreement, Congress may choose to enact a full-year CR for all of FY 2020, or we may encounter another government shutdown if negotiations are unsuccessful.

LIIF’s top priority over the coming months is ensuring that an NMTC extension is included in any year-end legislative vehicle.
The White House has released a Request for Information (RFI) on “Improving Access to Affordable, High Quality Child Care.” The RFI seeks public comment in a number of areas including supply building, regulatory burdens, improving the quality of child care, and the child care workforce. This includes solicitation for input on ways to “improve funding of child care and other related early education programs to create a more streamlined, equitable, and sustainable financing framework for future generations.” Public comments are due on December 2, 2019. LIIF will be submitting a comment letter highlighting our experiences in the child care facilities financing industry and recommending changes that improve access and affordability of high-quality child care. We will also be working with partners, including the Bipartisan Policy Center (BPC) and National Children’s Facilities Network (NCFN), to write and submit group comment letters.

For questions or comments, please contact:

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