



Select Tax Extenders – 2018 Bipartisan Budget Act

Extender	LOCUS Staff Analysis
Extension of mortgage insurance premiums treated as qualified residence interest for the purposes of the mortgage interest deduction.	Mortgage insurance premiums protect lower-income homeowners making a down payment of less than 20% on their home loans from loss in the event of default. They are unavailable above a certain income threshold. Since mortgage interest deduction caps traditionally benefit homeowners with high incomes, this extension helps entry-level homeowners acquire the benefits of mortgage interest deductions.
Extension and modification of exclusion from gross income of discharge of qualified principal residence indebtedness.	An important exclusion for homeowners recovering from the foreclosure crisis, this provision allows homeowners to exclude forgiven debt related to a decline in value of their home from their gross income. LOCUS supports this measure that preserves Americans' access to homeownership.
Extension of empowerment zone tax incentives for certain businesses and employers operating in economically distressed areas, including tax-exempt bonds, employment credits, increased expensing, and gain exclusion from the sale of certain small-business stock.	The most recent tax legislation allowed provisions relating to empowerment zones to remain expired. LOCUS encourages the permanent reinstatement or consolidation of these tax incentives into other community development initiatives.
Extension of credit for energy-efficient new homes allowing contractors a tax credit of \$1,000 or \$2,000 for the construction or manufacture of a new energy efficient home that meets qualifying criteria.	Tax credits that support new energy efficient homes encourage sustainable development and ultimately lead to lesser costs of developing, owning, and maintaining a home. LOCUS welcomes the inclusion of new energy efficient home credits in the Bipartisan Budget Act, but would like to become a permanent feature of the nation's tax code.
Extension of energy efficient commercial buildings deduction for improvements to lighting, heating, cooling, ventilation, and hot water systems.	This deduction serves as an incentive for designers to meet or exceed energy reduction requirements for new and existing buildings. LOCUS supports measures that encourage the construction of energy efficient buildings. The deduction should be permanently reinstated into the American tax code.

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<p>Expand the areas that could qualify for Opportunity Zone designation to include all census tracts within Puerto Rico.</p>	<p>LOCUS welcomes the creation of private investment opportunities in distressed and disaster-stricken communities. However, following the creation of opportunity zones in the Tax Cuts and Jobs Act, there is still a need to expand the the scope of these opportunity zones and offer more concrete language regarding their operation and upkeep. LOCUS reminds lawmakers that the qualified economic zones should operate alongside existing successful development incentives, not instead of or against them.</p>
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