

**RESOLUTION SUPPORTING RESOURCES FOR
AFFORDABLE HOUSING**

1998 GENERAL SESSION

STATE OF UTAH

Sponsor: Ron Bigelow

Patrice Arent

A CONCURRENT RESOLUTION OF THE LEGISLATURE AND THE GOVERNOR EXPRESSING SUPPORT FOR INCREASING THE AMOUNT OF THE PRIVATE ACTIVITY BOND CAP AND LOW-INCOME HOUSING TAX CREDITS ALLOCATED TO UTAH BY THE UNITED STATES CONGRESS.

Be it resolved by the Legislature of the state of Utah, the Governor concurring therein:

WHEREAS the policy of the state of Utah is to assure the health, safety, and welfare of its citizens;

WHEREAS an adequate supply of tax-exempt private activity bond volume cap is essential and critically important in financing affordable, decent first-time home ownership opportunities in this state and the nation, as well as several other critically important purposes that contribute to the well being of the citizens of the state;

WHEREAS an adequate supply of low-income housing tax credits is essential and critically important to financing affordable, decent, rental housing units that contribute to the well being of the citizens of the state;

WHEREAS the United States Congress, in the Tax Reform Act of 1986, established restrictions on tax-exempt private activity municipal bonds, effective January 1, 1988, that imposed a limit, based on each state's population, not to exceed the greater of \$50 per capita or \$150,000,000 per calendar year, but failed to include an automatic inflationary multiplier to ensure that the purchasing power of this resource did not become diluted;

WHEREAS because of Utah's relatively small population, the amount of tax-exempt private activity bonding for this state has been limited to \$150,000,000 each calendar year, an inadequate amount to meet the tax-exempt private activity financing demands of the state of Utah and its agencies and political subdivisions;

WHEREAS the United States Congress, in the Tax Reform Act of 1986, established restrictions on the Low-Income Housing Tax Credit that imposed a limit based on each state's population to be equal to \$1.25 per capita per calendar year, but failed to include an automatic inflationary multiplier to ensure that the purchasing power of this resource did not become diluted;

WHEREAS since 1987 the effects of annual inflation have diluted the purchasing power of Utah's tax-exempt private activity bonding cap and the low-income housing tax credits by 44.6%, thereby reducing the real purchasing value of Utah's share of this bonding resource from \$150,000,000 in 1987 to only \$83,100,000 in 1996, and reducing the real purchasing value of Utah's share of annual per capita amounts of the low-income housing tax credit resource from \$1.25 per capita in 1987 to only \$0.69 per capita in 1996;

WHEREAS losing \$66,900,000 in the real value of tax-exempt private activity bonding resource along with \$0.56 of annual per capita credits from the low-income housing tax credit resource has been devastating to the ability of this state and the nation to provide adequate affordable housing opportunities to its lower income constituents by reducing nearly in half the number of single-family housing units and multifamily housing units available and affordable to the ever-increasing number of lower-income, first-time home buyers and renters in Utah and, thus, has caused many of these families to remain in substandard housing, among other negative impacts; and

WHEREAS if the state and its agencies and political subdivisions continue to be unable to provide adequate levels of tax-exempt private activity bond financing and low-income housing tax credit financing for these purposes the health, safety, and welfare of the citizens of the state of Utah will be further negatively impacted:

NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah, the Governor concurring therein, urges the United States Congress to increase immediately the tax-exempt private activity volume cap and the allocation of low-income housing tax credits available to each state, including Utah, to levels that would fully restore the tax-exempt private activity bond volume cap purchasing power and the low-income housing tax credit purchasing power of each state, including Utah, to levels that would offset the diluted effects of inflation since 1987, and to index increases for these resources to inflation in future years.

BE IT FURTHER RESOLVED that copies of this resolution be sent to the leadership of the majority and minority parties of the United States Congress, the President of the United States, and the members of Utah's congressional delegation.