

1 **RESOLUTION SUPPORTING RESOURCES FOR**
2 **AFFORDABLE HOUSING**

3 1999 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Ralph Becker**

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

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

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

13 WHEREAS, an adequate supply of tax-exempt private activity bonds is essential and
14 critically important in financing affordable, decent first-time home ownership opportunities in
15 Utah and the nation, as well as several other critically important purposes that contribute to the
16 well being of the citizens of Utah;

17 WHEREAS, the United States Congress, in the Tax Reform Act of 1986, established
18 restrictions on tax-exempt private property municipal bonds, effective January 1, 1988, that
19 imposed a limit, based on each state's population, not to exceed the greater of \$50 per capita or
20 \$150 million per calendar year, but failed to include an automatic inflationary multiplier to ensure
21 that the purchasing power of this resource did not become diluted;

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

26 WHEREAS, the United States Congress, in its last session, authorized an increase in the
27 amount of private activity bonding to all states, including Utah, but delayed the beginning of the

28 increase until 2003, and the full increase until 2007 when, because of inflation, further dilution of
29 the purchasing power would erode the resource to where it would be of little value to the states in
30 addressing the affordable housing needs of this state and the nation, which are of near critical
31 proportions today and will get even worse over time;

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

36 WHEREAS, since 1987 the effects of annual inflation have diluted the purchasing power
37 of Utah's tax-exempt private activity bonding cap and the low-income housing tax credits by 47%,
38 thereby reducing the real purchasing value of Utah's share of this bonding resource from \$150
39 million in 1987 to only \$79.5 million in 1998, and reducing the real purchasing value of Utah's
40 share of annual per capita amounts of the low-income housing tax credit resource from \$1.25 per
41 capita in 1987 to only \$0.66 per capita in 1998;

42 WHEREAS, losing \$70.5 million in the real value of tax-exempt private activity bonding,
43 along with \$0.59 of annual per capita credits from the low-income housing tax credits, has been
44 devastating to the ability of Utah and the nation to provide adequate affordable housing
45 opportunities to its lower-income constituents by reducing nearly in half the number of
46 single-family housing units and multifamily housing units available and affordable to the
47 ever-increasing number of lower-income, first-time home buyers and renters in Utah, causing
48 many of these families to remain in substandard housing; and

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

53 NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah, the
54 Governor concurring therein, urge the United States Congress to increase immediately the
55 tax-exempt private activity volume cap and the allocation of low-income housing tax credits
56 available to each state, including Utah, to levels that would at least fully restore the tax-exempt
57 private activity bond volume cap purchasing power and the low-income housing tax credit
58 purchasing power of each state, including Utah, in order to offset the diluting effects of inflation

59 since 1987, and to index increases for these resources to inflation in future years.

60 BE IT FURTHER RESOLVED that a copy of this resolution be sent to the Speaker of the
61 United States House of Representatives, the President of the United States Senate, and the
62 members of Utah's congressional delegation.

Legislative Review Note
as of 2-5-99 10:59 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel