

# New LIHC Cap Increase Bill

*By Michael J. Novogradac, CPA*



As expected, Reps. Nancy Johnson (R-Conn.) and Charles Rangel (D-N.Y.) introduced legislation Jan. 6 that would increase the low-income housing tax credit (LIHC) volume cap from \$1.25 per capita to \$1.75 per capita. In addition, H.R. 175 would adjust the LIHC for increases in the cost of living. The new bill would provide for a yearly evaluation of the inflation rate, adjusting the tax credit cap for inflation through 5-cent increments. The amendments to Internal Revenue Code (IRC) §42 would be effective for calendar years beginning after 1999, according to H.R. 175.

This is not the first time Johnson and Rangel sponsored LIHC legislation. In 1997, Rangel, the ranking Democrat on the Ways and Means panel, sponsored H.R. 2990, which mirrors provisions of H.R. 175. Johnson, chairwoman of the House Ways and Means Human Resources Subcommittee, introduced H.R. 3290 last year. Unlike H.R. 175, H.R. 3290 would have increased the tax credit cap and made myriad programmatic changes, including emphasizing neighborhood revitalization projects. Johnson is expected to introduce more sweeping LIHC legislation later this year. As of Jan. 15, H.R. had 29 House cosponsors. The cosponsor total also includes 20 members of the 39 total members of the Ways and Means Committee, the House tax-writing panel. The Senate is expected to introduce a companion bill to H.R. 175 this month. ❖

---

For the latest updates and information on tax credit programs and resources, visit our web site at [www.taxcredithousing.com](http://www.taxcredithousing.com). For further inquiry, contact Jane Zastrow at telephone 415.356.8034, facsimile 415.356.8090 or e-mail [cpas@novoco.com](mailto:cpas@novoco.com). Novogradac & Company LLP, 246 First Street, 5th Floor, San Francisco, California 94105.