



Johnson Poised to Introduce Tax Credit Reform Bill

By Michael J. Novogradac, CPA

Rep. Nancy Johnson (R-Conn.) was expected to introduce new legislation that would propose significant programmatic reforms to the 13-year-old low-income housing tax credit (LIHC) program, as the LIHC Monthly Report went to press. Most of the new bill's program reform measures are expected to mirror recommendations made in the 1997 U.S. General Accounting Office (GAO) report as well as H.R. 3290, legislation Johnson introduced last year (See April 1998, LIHC Monthly Report, pg. 2). Unlike H.R. 3290, the new bill will not include an LIHC cap increase. Instead, Johnson in January introduced H.R. 175, a bill that would increase the tax credit cap from \$1.25 to \$1.75 per capita and index it to inflation in future years. The new bill would boost state credit agencies compliance standards by requiring states to conduct on-site visits for all LIHC developments. It is expected to modify the 10 percent expenditure test for carryover allocations by granting developers six months from the date of an allocation to satisfy that requirement. Currently, the 10 percent test must be met by the end of the year in which the tax credits are allocated. The new bill is expected to encourage the use of tax credits toward urban neighborhood revitalization projects in Qualified Census Tracts (QCTs) and to allow the tax credit to be used to offset the alternative minimum tax for individuals, though not for corporations. The bill would also mandate detailed market studies conducted by third-party contractors for new LIHC developments. ❖

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