



House, Senate Tax Bills Include Phased-in LIHC Cap Increase

By Michael J. Novogradac, CPA

The federal low-income housing tax credit (LIHC) program won a much-needed victory last month, as House and Senate tax bill writers penned in an incremental cap increase in their tax legislation. The full House passed the 10-year, \$792 billion tax cut bill that includes an incremental LIHC cap hike, according to committee staff. A tax bill is the necessary vehicle to change any part of the tax code. Despite strong bipartisan support throughout Congress, House Ways and Means Chair Bill Archer's (R-Texas) original tax legislation did not contain language to boost the 13-year-old cap from the current \$1.25 per capita to \$1.75 per capita. Instead, the full committee adopted by a voice vote an amendment offered by Rep. Nancy Johnson (R-Conn.). The amendment phases in over five years the 50-cent increase proposed in H.R. 175 shepherded by Johnson and Rep. Charles Rangel (D-N.Y.). The tax bill increases the per capita credit by 10 cents a year for five years beginning in January 2000 and indexes the cap to inflation thereafter. The full Senate was debating tax legislation that would also cut taxes by \$792 billion over 10 years as the LIHC Monthly Report went to press. The Senate tax cut bill also contains an incremental 50 cent increase in the LIHC cap starting in 2001, but does not index it to inflation. In addition, Senate bill contains language to require a \$2 million small state minimum LIHC allocation. The full Senate is expected to vote on the tax bill by July 30. Despite the good news, President Clinton has threatened to veto the Republican-sponsored tax bills, saying their large size would threaten a return to budget deficits and limit policymaker's ability to shore up the ailing Medicare and Social Security programs. However, the White House has indicated it is willing to support a smaller, \$300 billion tax cut bill. Industry practitioners must make sure the Clinton administration includes an LIHC cap increase in a compromise deal. Contact the White House at (202) 456-1414. ❖

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