



Senate Introduces Bill to Index Housing Credit Per Capita Ceiling

By Michael J. Novogradac, CPA

On October 3, Senator Alfonse D'Amato (R-NY) and Bob Graham (D-FL) introduced legislation which would index the low-income housing tax credit per capita ceiling for inflation. The D'Amato-Graham bill (S. 1252) would increase the annual state authority to allocate tax credits from the current \$1.25 per capita to an inflation adjusted \$1.75 per capita. The bill would also begin indexing the credit for inflation beginning in 1999. The static \$1.25 cap has significantly eroded the LIHC program's purchasing power by almost half. The 40% increase to the cap would help restore the value which was originally intended by legislators when they passed the LIHC in the Tax Reform Act of 1986. Meanwhile, demand for tax credits has outpaced availability by three to one. Since 1987, state agencies have allocated over \$3 billion in credits to help finance 900,000 units for low income families, including 75,000 units in 1996. Please contact your Senators immediately and urge that they cosponsor this bill. If we are to achieve a cap increase in next year's tax bill, we must generate the same overwhelming cosponsorship which made permanence possible in 1993. With only a couple of weeks left in the current session, let's use this time to get at least 50 Senators to cosponsor S. 1252. ♦

This article first appeared in the October 1997 issue of Novogradac & Company's LIHC Monthly Report and is reproduced here with the permission of Novogradac & Company LLP.

© Novogradac & Company LLP 1997 - All Rights Reserved.

This editorial material is for informational purposes only and should not be construed otherwise. Advice and interpretation regarding property compliance or any other material covered in this article can only be obtained from your tax advisor. For further information visit www.taxcredithousing.com

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