



LIHC Increase Fails to Make Chairman's Mark

By Michael J. Novogradac, CPA

Congressional efforts to boost the low-income housing tax credit (LIHC) cap from \$1.25 per capita to \$1.75 per capita suffered a major setback last month, when House Ways and Means Chairman Bill Archer (R-Texas) failed to include the provision in the \$80 billion tax cut bill. The good news is that the House included language to raise the tax-exempt bond cap in the tax bill. The full House Sept. 26 passed the tax bill, largely along party lines. A week before, the House Ways and Means Committee by a vote of 25-to-11 approved the tax cut bill, which includes bond cap increase language. Archer's tax plan would boost the 10-year-old cap on private activity tax-exempt bonds to the greatest of \$75 per capita or \$225 million per state. The current cap is the greatest of \$50 per capita or \$150 million per state. H.R. 979, by Reps. Amo Houghton (R-N.Y.) and Barbara Kennelly (D-Conn.), and S. 1251, spearheaded by Sens. Alfonse D'Amato (R-N.Y.) and John Breaux (D-La.), called for a bond cap increase to \$75 per capita or \$250 per state. Despite widespread bipartisan support for the bond cap increase provision, the White House has threatened to veto the tax bill because it doesn't use the budget surplus to save Social Security. The Senate is expected to vote on the tax cut bill by mid-October. Urge your Senate lawmakers to pass a tax bill that includes both the bond and LIHC cap increase language. To contact your senator, call the congressional switchboard at (202) 224-3121. ♦

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