



President Promises to Veto Tax Bill Containing LIHC, Bond Cap Increase

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The low-income housing tax credit (LIHC) cap increase may fall victim to election year politics and partisan budget tug of wars.

President Clinton vowed to veto a GOP-penned tax-cut package that contains an increase to the LIHC cap, Oct. 26. The 10-year, \$240 billion tax plan includes an increase to the LIHC cap, from \$1.25 per capita to \$1.75 per capita between 2001-02, with an index to inflation thereafter.

In a letter to GOP leaders, Clinton wrote that he has no choice but to veto the tax plan because it doesn't address Democratic priorities such as school construction, health care and pension policy. "I've identified areas of agreement so Congress can pass a bill I can sign," Clinton said. "Tax cuts that preserve fiscal discipline, help our people save for retirement or pay for long-term care, help build or repair schools, and boost investments in our new markets, the paces that have been left behind in our prosperity." The U.S. House of Representatives approved the legislation by a party-line vote of 237-to-174 on Oct. 26. In addition to a phased-in increase to the LIHC cap, the Certified Development Company Program Improvements Act of 2000 includes an increase to the private activity bond cap from the current \$50 per capita to \$75 per capita over the 2001-02 period, with an index to inflation thereafter. In addition, the bill would create 40 Renewal Communities and nine Empowerment Zones, bringing the total of such zones to 40. The plan would also create a seven-year, \$15 billion new markets tax credit for equity investments in qualified low-income communities.

As the LIHC Monthly Report went to press, the Republican tax plan was scheduled to move to the Senate for consideration. ❖

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