



LIHC Cap Increase Attached to Minimum Wage Bill

By Michael J. Novogradac, CPA

Washington lawmakers last month added language to a minimum wage bill that would incrementally increase the low-income tax credit (LIHC) cap. Affordable housing advocates last month scrambled to find a way to keep the tax credit cap increase proposal alive this year. H.R. 3081, by Rep. Rick Lazio (R-N.Y.), would boost the current federal minimum wage from the current \$5.15 an hour to \$6.15 an hour over three years. The minimum wage bill would increase the LIHC cap in 10 cent increments over five years until reaching \$1.75 per capita in 2005 (See October 1999 LIHC Monthly Report, pg. 20).

The bill would accelerate the phase-in of private activity bond cap. The bill would also incrementally increase the tax-exempt housing bond to the greater of \$55 per capita or \$165 million per state in the year 2000, rising in equal increments over the next four years until it reaches \$75 per capita or \$225 million per state, according to H.R. 3081.

Policymakers had originally included these bond and LIHC cap increase provisions in the mammoth 10-year, \$792 billion tax bill, which President Clinton vetoed in September. Although leaving the door open on a smaller tax bill, the current scaled-down House extender bill does not provide for increases to the bond or LIHC cap. Congress was expected to consider the minimum wage bill as the LIHC Monthly Report went to press.

Contact your member of Congress to let them know that it's imperative for the LIHC cap increase to be enacted as part of a compromise tax cut bill, or as part of other legislation. Call your member through the congressional switchboard at (202) 224-3121. ♦

*This article first appeared in the November 1999 issue of Novogradac & Company's **LIHC Monthly Report** and is reproduced here with the permission of Novogradac & Company LLP.*

© Novogradac & Company LLP 1999 - 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.