



# LIHC Cap Increase Unlikely this Year Due to Partisan Bickering; Uncertain Election Outcome

By Michael J. Novogradac, CPA

The 106th Congress is unlikely to tackle a major tax bill, the necessary vehicle to increase the low-income housing tax credit (LIHC) cap from its long-standing \$1.25 per capita rate. Partisan bickering combined with the uncertainty of a hotly contested presidential race leaves little chance for Democrats and Republicans to come together to pass important legislation.

Congress had delayed action on a tax plan until after the presidential election, hoping that the election results would help guide lawmakers in their rare lame duck session, which started Nov. 13. However, Senate and House lawmakers only met long enough to pass continuing resolutions to keep portions of the federal government running until next year. An uncertain vote count in Florida coupled with a now slight GOP majority in Congress has made bipartisan policymaking unfathomable. Some observers say Republicans won't touch a tax plan during a lame duck session because they don't want to give President Clinton a legacy to ride out of office on. Some say the Democrats would be happy to move on a tax bill this year, as long as some of the long-favored GOP ridders were stripped. Some Democratic lawmakers may figure that come January, they will have more members in Congress, thus giving them more negotiating leverage. Before the election, lawmakers had attempted to advance legislation containing raises to both the LIHC and private activity bond caps. The House had passed a tax bill that would increase the credit cap, make a few programmatic changes to the LIHC program, increase the bond cap, among other items. Clinton pledged to veto this package.

Meanwhile, the Senate has not passed legislation this year that would increase the tax credit and bond caps. Senate Finance Committee Chairman William Roth (R-Del.) had pushed community revitalization legislation that contained cap increase provisions. But Roth failed in his re-election bid, meaning the long-time lawmaker won't be returning to Capitol Hill come January. Both the House and Senate plan to reconvene Dec. 5. The chances that lawmakers will pass a tax bill before the new Congress and presidential administration convene seems unlikely. ❖

---

*This article first appeared in the December 2000 issue of Novogradac & Company's **LIHTC Monthly Report** and is reproduced here with the permission of Novogradac & Company LLP.*

*© Novogradac & Company LLP 2000 - 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](http://www.taxcredithousing.com)*

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