



Tax Credit Cap Bill Wins Support

By Michael J. Novogradac, CPA

The House and Senate bills calling for an increase in the housing credit cap continue to gather momentum. Support for H.R. 2990 and S. 1252 was building when Congress adjourned in November. At latest count, the official cosponsor list totals 43 in the House with eight members from the House Ways and Means Committee and 18 Senators with six members from the Senate Housing Finance Committee. Rep. Earl Hilliard (D-Ala.) earlier this year introduced H.R. 2765 which would amend Section 42(h) requirements concerning non-profit qualifications for an allocation from the 10% non-profit set aside. The bill amends these requirements to disqualify certain nonprofits with for-profit partners under the following circumstances: a) the nonprofit guarantees "any form of economic or financial benefit" to a for-profit organization; b) the nonprofit guarantees the return of capital contributions to a for-profit partnership or venture or the nonprofit is required to fund operating deficits of the partnership or venture, and; c) the nonprofit can be removed as general partners by the for-profit partnership or venture excepting circumstances of fraud or gross negligence. No action will be taken until Congress reconvenes in January. The bill was introduced with no cosponsors. ❖

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