



Proposed Extension of New Markets Tax Credit

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Despite increased optimism in Congress's ability to pass this year an extenders bill which would make certain temporary tax provisions permanent, House Ways and Means Committee Chairman Kevin Brady, R-Texas, has prepared a two-year "fallback" bill. The proposed bill contains provisions pertaining to both the low-income housing tax credit (LIHTC) and new markets tax credit (NMTC). As it relates to these credits, Brady's backup legislation includes the following provisions:

- An extension of the minimum 9% LIHTC for allocations made before January 1, 2017.
- An extension of the military housing allowance exclusion for LIHTC income qualification for personnel stationed at or near certain military bases for determinations made before January 1, 2017.
- An extension of the NMTC at \$3.5 billion each year for 2015 and 2016.

While LIHTC and NMTC typically have bipartisan support, agreement over an extenders bill is currently in limbo due to disagreements over, among other things, the indexing of the Child Tax Credit to inflation and changes to real estate investment trusts. Nevertheless, as of this writing, thanks to Brady's proposed fallback bill, a temporary solution is in the pipeline.

We will keep you up-to-date as these negotiations progress.

This post was drafted by [Adlai Groves](#), an attorney in the Springfield, MO office of Spencer Fane. For more information, visit spencerfane.com.

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