



# THE COMMITTEE ON WAYS AND MEANS

## Committee on Ways and Means Provisions in the *Build Back Better Act*

### [Expanding Opportunity Through the Tax Code \(Tax Credits\)](#)

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#### [The Child Tax Credit](#)

The *Build Back Better Act* makes permanent the refundability of the Child Tax Credit (CTC), ensuring that Americans who are most in need can benefit from the credit in the same way that all other families do. The legislation also extends the American Rescue Plan's enhanced CTC for one year, through the end of 2022.

- Taxpayers will receive a total of \$3,000 per child under 18 or \$3,600 per child under six. Those filing as single filers, heads of household, and joint filers with incomes below \$75,000, \$112,500, and \$150,000, respectively, will receive the tax credit in 2022 as an advance monthly payment of \$250 per child under age 18 and \$300 per child under age six deposited in their bank account.

#### [The Earned Income Tax Credit](#)

The bill extends the American Rescue Plan's expansion of and improvements in the Earned Income Tax Credit for workers without qualifying children for one year, through the end of 2022.

#### [State and Local Tax Deduction](#)

The *Build Back Better Act* increases the limitation on the deduction for state and local taxes from \$10,000 to \$80,000 through 2030 to ensure that high cost of living states are able to fund schools, public transit, emergency services, and other critical government operations.

#### [Supporting Low Income Students](#)

The *Build Back Better Act* uses the tax code to support low-income students by repealing the American Opportunity Tax Credit's (AOTC) felony drug conviction ban. The bill also exempts Pell Grants from tax and determining a student's maximum AOTC benefit through 2026.

#### [Infrastructure Financing and Community Development](#)

- The bill invests in affordable housing through a historic expansion of the Low-Income Housing Tax Credit (LIHTC) that is estimated to increase the number of affordable units by over 800,000 in the next decade. The legislation substantially increases state allocations for three years, increasing allocations by 10 percent, 20 percent, and 30 percent for 2022, 2023, and 2024, respectively. The bill also unlocks more affordable housing by lowering the bond threshold test from 50 percent to 25 percent. Last but not least, the legislation better targets LIHTC investments for the most vulnerable by providing enhanced credits for certain projects serving extremely low-income tenants as well as certain tribal projects.
- The bill establishes a new Neighborhood Homes Tax Credit that would support neighborhood stabilization and pathways to home ownership by encouraging the rehabilitation of affordable homes in low-income communities while protecting the character of those communities with guardrails like income requirements for owners, sales price caps, and anti-flipping policies.



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- The bill promotes parity for tribal communities by making long overdue changes to the tax rules related to tribal issuance of government bonds, creating a more generous low-income tax credit subsidy for tribal projects, and establishing a new \$175,000,000 New Markets Tax Credit allocation exclusively for use in low-income tribal communities and for projects that serve or employ low-income tribe members.
- The bill provides assistance to the territories by creating a new tax credit for qualifying U.S. companies with business operations in the territories. The credit amount is 20 percent of up to \$50,000 in wages and fringe benefits paid to each full-time employee working in any of the five territories.
- The bill also addresses the tax treatment of certain payments to farm loan borrowers that was described in the American Rescue Plan. Such payment will not be included in the gross income of the payee and any otherwise allowable deductions continue to be deductible notwithstanding the tax-free treatment of the payment.