

NEW MARKETS TAX CREDIT COALITION

The New Markets Tax Credit and Job Creation

Request for the Jobs Bill: Extend the New Markets Tax Credit (NMTC) through 2010 with \$5 billion in NMTC allocation authority and AMT relief for NMTC investors.

The NMTC contributes to the economy of underserved and distressed communities and is an engine for job creation in communities hardest hit by the economic slowdown.

Thus far, some \$18 billion in NMTC financing has found its way to eligible low income communities. Research indicates that NMTC financing is usually paired with other sources of capital on a dollar for dollar basis -- meaning some \$36 billion in capital has been invested in low income communities to finance businesses, community facilities and mixed use projects. Using the Recovery Act standard of 1 job for every \$92,000 in financing, that \$36 billion converts to 391,304 jobs having been created in low income communities. ***When you consider that the cost to the government is not the full \$18 billion but rather \$7 billion in terms of revenue loss (39% of \$18 billion) the federal share of the cost per job is reduced from \$92,000 to less than \$18,000.*** The fact that the NMTC has generated close to 400,000 jobs at a fraction of the cost to create a job when compared with the cost to the government to create a job with other federal programs, the leverage of the NMTC becomes magnified. In other words, it would cost the federal government nearly \$36 billion of appropriations to create those same 326,086 jobs.

While allowing NMTC investments to offset AMT will not directly create jobs it will attract new investors to the NMTC market, particularly small and medium sized banks, and contribute to a more diverse, competitive, and efficient investor markets. Enhancing the efficiency of the NMTC investor market will allow CDEs maximize the impact of their NMTC investments in terms of job creation and wealth creation in poor communities.