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Bipartisan Bill to Permanently Extend New Markets Tax Credit Introduced in Senate

The New Markets Tax Credit Act of 2013 Increases the Flow of Private Sector Capital to Urban and Rural Communities

Washington, D.C. (June 11, 2013) – Today, Senators Jay Rockefeller (D-W.Va.) and Roy Blunt (R-Mo.) introduced legislation to provide a permanent extension for the New Markets Tax Credit (NMTC), an incentive for investment and job creation in communities with high unemployment and other measures of economic distress. The *New Markets Tax Credit Act of 2013* would extend the Credit indefinitely by making it a permanent part of the Internal Revenue Code, and enhance the potential impact of the Credit by increasing the annual NMTC allocation.

"Unemployment across the country is still too high. The New Markets Tax Credit is a proven tool for creating quality jobs and economic opportunity in rural and urban communities across the country. This is a market-driven economic development tool that works," Senator Rockefeller, who sponsored the legislation, said in written remarks.

A bipartisan effort since its inception, the NMTC began as a collaboration between Democratic President Bill Clinton and Republican Speaker of the House Dennis Hastert to attract capital to low income communities. The Credit provides private investors with a modest federal tax credit for investments made in businesses or economic development projects in census tracts in which the poverty rate is at least 20 percent, or median family income does not exceed 80 percent of the area median. Since it was enacted, the NMTC has generated billions of dollars in private investments in projects and communities that likely would never have received injections of patient capital otherwise. In fact, a survey conducted by the U.S. Government Accountability Office (GAO) found that 88 percent of NMTC investors would not have made their investments if not for the incentive of the Credit.

"The New Markets Tax Credit Program has already had a positive impact in Missouri, leading to more than $2 billion in investments and thousands of jobs," said Senator Blunt, the bill's lead co-sponsor. "I'm glad to support this bipartisan bill to make this tax credit permanent so that we can continue to encourage investment, growth, and job creation in low-income communities nationwide."

"A New Markets Tax Credit investment in rural Wheeling, West Virginia helped bring the Wheeling Stamping Building back to life," said Senator Rockefeller. "The building was once a bustling hub of the

metal stamping industry. After deteriorating and sitting dormant for decades, the New Markets Tax Credit helped finance the restoration of the building that created 300 construction jobs, and today, the building houses 350 full-time employees in a community that needs good jobs."

The NMTC Coalition's *2013 NMTC Progress Report,* which was released on June 5th, found NMTC investments are reaching severely distressed communities – like Wheeling – that far exceed the statutory requirements. More than three-fourths of NMTC investments go to communities with unemployment rates more than 1.5 times the national average, poverty rates above 30 percent, and/or median incomes below 60 percent of the area median.

According to the CDFI Fund of the Department of Treasury, NTMC investments have generated more than $55 billion in total investment in low income communities nationwide, creating more than 350,000 jobs between 2003 and 2011. The NMTC Coalition's *NMTC Economic Impact Report* (December 2012) found that the investments in businesses and the jobs created by those businesses have generated more than enough federal tax revenue to pay for the program.

"The Credit's potential is being stilted by the uncertainty surrounding its four consecutive temporary extensions," said José Villalobos, President of the NMTC Coalition and TELACU Senior Vice President. "We applaud Senators Rockefeller and Blunt for taking this crucial step toward securing permanent extension for the NMTC, fortifying the economic stability of these communities and the economic future the country."

Broadening its bipartisan base of support, Senators Ben Cardin (D-MD), Susan Collins (R-ME) and Maria Cantwell (D-WA) are original co-sponsors of the *New Markets Tax Credit Act of 2013*.

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About New Markets Tax Credit Program

The New Markets Tax Credit was enacted in 2000 in an effort to stimulate private investment and economic growth in low income urban neighborhoods and rural communities that lack access to the patient capital needed to support and grow businesses, create jobs, and sustain healthy local economies. The NMTC is a 39 percent federal tax credit, taken over seven years, on investments made in economically distressed communities. Today due to NMTC, more than $45 billion is hard at work in underserved communities in all 50 states, the District of Columbia, and Puerto Rico.

About New Markets Tax Credit Coalition

The NMTC Coalition is a national membership organization of Community Development Entities and investors organized to conduct research on and advocacy for the New Markets Tax Credit. The Coalition hosts two annual conferences and regularly publishes the NMTC Bulletin. To learn more, please visit www.nmtccoalition.org.