



NEW MARKETS TAX CREDIT

Economic Impact Report (2003–2015)

A Report by the New Markets Tax Credit Coalition

December 2017



The New Markets Tax Credit Coalition
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Rapoza Associates prepared this report for the New Markets Tax Credit Coalition. IMPLAN modeling was performed by Novogradac & Company LLP with further data preparation and analysis by Rapoza Associates.

The New Markets Tax Credit (NMTC) Coalition is a national membership organization that advocates on behalf of the NMTC program. The Coalition is managed by Rapoza Associates, a public interest lobbying, policy analysis, and government relations firm located in Washington, DC that specializes in providing comprehensive legislative and support services to community development organizations, associations, and public agencies. Rapoza Associates prepared this report and Paul Anderson was the principal author. Special thanks to David Grubman of Novogradac & Company for his work on the economic model.

INTRODUCTION

Congress originally authorized the New Markets Tax Credit (NMTC) as part of a bipartisan effort to jump-start investment and economic growth in low-income urban neighborhoods and rural communities. These forgotten farming towns, urban neighborhoods, and post-industrial suburbs lack access to the patient capital needed to support and grow businesses, create jobs, and sustain healthy local economies.

The original goal of the NMTC was simple: to ease the flow of capital into regions underserved by conventional lenders. There is no mention of “job creation” or “improved community facilities” in the authorizing legislation or the regulations. Regardless, as the program matured, the Department of the Treasury increasingly tracked community development outcomes and benchmarks, which are now a significant part of the program. This is a recognition that it is not enough to simply shift investment into distressed neighborhoods. To ensure meaningful economic impacts, the NMTC relies on experienced community development organizations to aggregate public and private resources and deploy them to businesses and revitalization projects. Community development organizations must apply for an NMTC allocation, and in their applications, they must demonstrate a track record of investment in projects that create jobs, improve services, or help triage social challenges like natural disasters, access to healthcare providers, or a plant closure. Today, Community Development Entities (CDEs) that are awarded NMTC allocations track over 200 variables for each investment. The CDFI Fund’s rich dataset – along with surveys, interviews with practitioners, independent research on NMTC-financed projects, and data from the census bureau – informs this research paper.

CDEs report direct impacts including job creation and quality; the characteristics of loans and investments; the number of low-income residents served; and the amount of real estate constructed or rehabilitated. However, they are not required to quantify secondary macroeconomic effects, such as indirect or induced job creation, increased regional consumption, or tax revenue generated. The purpose of this report – and the two earlier editions (released in 2012 and 2014) – is to measure those secondary impacts and determine the extent to which the NMTC program has catalyzed secondary impacts, stabilized municipal budgets, and increase access to social services. Our latest report analyzes NMTC transaction data from the Treasury from 2003 to 2015.

EXECUTIVE SUMMARY

Our findings show that between 2003 and 2015, the New Markets Tax Credit (NMTC) created more than one million jobs, generated well over \$150 billion in economic activity in long-distressed communities, expanded access to amenities and services, and strengthened the tax base of state and local governments. Our research found a significant return on NMTC investment to federal taxpayers.

There are seven key findings in this report:

1. From 2003 to 2015, NMTC investments generated more than \$156 billion in economic activity, creating 1,013,837 jobs in low-income rural and urban communities, including 459,294 temporary construction jobs and 554,545 full-time equivalent jobs in nearly every industry sector of the economy;

2. The NMTC targets about 40 percent of the nation's census tracts that meet the statutory requirements for economic distress. However, most NMTC financing goes to severely distressed communities that far exceed program requirements for poverty and income. From 2003 to 2015, 72 percent of NMTC projects were located in severely distressed communities;
3. The federal tax revenue generated by NMTC investments more than pays for the cost of the program. For example, in 2015, the NMTC generated \$15.2 billion in economic activity, and this activity generated \$872 million in federal tax revenue. This revenue was more than enough to cover the \$759 million annual cost of the program in 2015 and provide an annual return of \$113 million, or 15 percent.
4. By stabilizing and revitalizing local economies, the NMTC helps boost tax revenue for state and local governments. Between 2003 and 2015, NMTC investments generated \$6.7 billion in state and local tax revenue, including \$502 million in 2015 alone;
5. The NMTC enhances community revitalization efforts by financing community facilities and other important services. Between 2003 and 2015, the NMTC financed nearly 2,000 community services and facilities, including hospitals, schools, nonprofit service providers, and day care centers;
6. After more than a decade of investments, the NMTC has touched the lives of millions of individuals, from the 17 million patients served by NMTC-financed healthcare projects to the nearly 250,000 students and children attending NMTC-financed schools or cared-for in early-childhood learning centers; and
7. Over the years, as the program matured, an increasing share of NMTC financing went to areas experiencing severe economic distress, including rural communities. The program shifted away from retail and general purpose real estate toward healthcare, manufacturing businesses, and other projects with greater overall economic impact.

METHODOLOGY

The goal of this report is to measure the aggregate economic impact of NMTC investments over the course of the program, including job creation and added community services. It also examines the extent to which NMTC investments generate secondary economic outputs including federal, state, and local tax revenue.

The methodology is similar to the New Markets Tax Credit (NMTC) Coalition's previous economic impact reports (December 2012 and December 2014) but with some fairly significant changes that result in more accurate accounting for the splits between construction impacts and operational impacts.

Rapoza Associates, on behalf of the NMTC Coalition, once again retained Novogradac & Company LLP (Novogradac), a public accounting firm, to create an input/output model using the IMPLAN software.

IMPLAN is an economic impact assessment software system originally developed by the U.S. Department of Agriculture (USDA) Forest Service and now maintained by the Minnesota IMPLAN Group (MIG). It combines a set of extensive databases concerning location-specific trade patterns and other economic multipliers and demographic statistics with a highly refined and detailed system of modeling software.

Rapoza Associates worked with Novogradac to measure the impact of nearly 5,000 NMTC projects and businesses in economically distressed urban and rural communities.

INPUTS

Our principal data source was NMTC transaction data covering 2003 to 2015 from the Community Development Financial Institutions (CDFI) Fund of the Department of Treasury, which is the administering federal agency for the NMTC. This data was reinforced by more than a decade of NMTC Coalition survey data, interviews, and background research on NMTC transaction activity.

The CDFI Fund's data collection system is more robust and comprehensive than any other federal economic development program. The CDFI Fund continues to expand and refine its efforts to collect data on the nature and impact of NMTC transactions and to track the progress of CDEs in deploying NMTC allocations to low-income communities. The CDFI Fund's staff have worked to improve the accuracy of older transaction data from when digital data collection was in its infancy by eliminating duplicate records and standardizing economic impact data.

The CDFI Fund collects data on the NMTC through the Community Investment Impact System (CIIS), a web-based data collection system. Through CIIS, CDEs provide project and transaction level data on more than 200 variables and metrics, including, but not limited to: the amount of capital provided to a qualified business; the nature of the financial products provided to a business; the jobs created by a project; characteristics of the census tract where the project is located; and many more. The CDFI Fund makes much of this data available to the public on its website for use by researchers and policymakers, and much of the rest is available through a Freedom of Information Act (FOIA) request, which the NMTC Coalition submitted.

The CDFI Fund's transaction dataset was supplemented by data from the NMTC Coalition's annual survey of CDEs, covering NMTC project investments from the previous calendar year. Our team also conducted supplemental research to verify the CIIS data and learn more about the nature of each NMTC project. As a result of the work of our research team and the data collection efforts of the CDFI Fund, we analyzed every NMTC project closing between 2003 and 2015. Thus, our analysis does not suffer from a sampling error.

The CDFI Fund's data – along with further investigation about the nature of each project – factored into assumptions on the proportion of project financing going to operational and construction spending. These proportions were critical to quantify the construction and operational impact of a given project.

In our December 2014 report, "A Decade of the NMTC," we divided projects into 30 industry categories. In this report, NMTC projects were divided into 219 industry categories, allowing for a significantly more detailed and robust analysis. The model incorporated 219 distinct industry-level assumptions about construction and operational project spending ratios informed by the research team's experience modeling economics, analyzing impacts, and profiling hundreds of tax credit-financed development projects. NMTC Coalition survey data, along with the CDFI Fund's reported jobs data, was used to inform and verify the employment assumptions.

State-level trade patterns were used to determine outputs on several variables of interest to the study, described below.

OUTPUTS

IMPLAN distinguishes between three types of effects: direct, indirect, and induced.

- **Direct effects** gauge the impact on the industry that is immediately affected by an NMTC investment.

- **Induced effects** concern intra-industry economic impact up and down the supply chain from an NMTC investment.
- **Induced effects** measure the economic impact of increases in household spending as a result of an NMTC investment.

The IMPLAN model reports two types of employment impacts: construction jobs and operational jobs.

Construction jobs: Temporary construction jobs are reported in terms of “person-years” of labor. For example, an employment impact of “10 construction jobs” could refer to 20 people working six months, two people working five years, or 10 people working one year.

Operational jobs: Permanent jobs created that contribute to the operation of a business. Direct operational jobs are jobs generated at an NMTC-financed business, whereas indirect and induced operational jobs are permanent jobs created as a result of indirect or induced effects.

Operational and construction impacts are also provided for “**value-added**” or the additional economic activity generated in a regional economy above and beyond total project investment. The total economic impact of an NMTC project is quantified by summing its total project cost and the value added.

While IMPLAN provides a variety of specific data on tax revenue generation, this report focuses on two categories: (1) state and local and (2) federal:

State and local taxes include any applicable dividend taxes, social insurance taxes, indirect business taxes, corporate income taxes, and personal income taxes. These numbers vary by state based on the local tax code.

Federal taxes include any applicable federal social insurance taxes, indirect business taxes, corporate income taxes, and personal income taxes.

COST ESTIMATES

Analysis from the Joint Committee on Taxation (JCT) was used to estimate the cost of the NMTC for calendar year 2015. JCT has consistently estimated the ten-year cost of a dollar of NMTC allocation as about 26 cents.

FINDINGS

Between 2003 and 2015, the New Markets Tax Credit (NMTC) created over one million jobs, expanded the tax base of state and local governments, and increased access to services and facilities in America’s poorest communities. Our research also shows that the NMTC generated a significant return on investment to taxpayers. NMTC authorization is set to expire at the end of 2019. Our findings on the economic activity instigated by the NMTC argue for its preservation as a permanent provision in the tax code.

As noted, nearly 5,000 NMTC projects financed between 2003 and 2015 were analyzed using IMPLAN. These projects and businesses received \$42 billion in NMTC financing and accounted for \$82 billion in total project costs.

Commercial and industrial facilities, including manufacturing facilities, office space, and retail space, accounted for nearly 30 percent of the overall projects analyzed. See Table 2 for a full breakdown of projects by type.

TABLE 1: PROJECTS AND INVESTMENT BY YEAR

Year	Projects	NMTC Amount	Total Project Cost
2003	16	\$49,187,581	\$190,418,833
2004	205	\$1,104,331,308	\$2,144,945,706
2005	388	\$2,232,848,777	\$4,803,300,480
2006	471	\$2,956,094,191	\$7,472,486,924
2007	553	\$3,195,755,131	\$8,953,946,477
2008	482	\$3,413,439,372	\$6,981,012,056
2009	403	\$3,212,212,358	\$6,615,702,178
2010	418	\$5,032,829,760	\$7,636,774,362
2011	456	\$5,622,716,424	\$9,352,593,751
2012	421	\$4,815,915,126	\$7,938,105,991
2013	388	\$4,039,276,398	\$7,496,566,550
2014	381	\$3,310,566,211	\$6,009,472,043
2015	398	\$2,919,144,656	\$6,103,553,110
Total	4,980	\$41,904,317,293	\$81,698,878,461

TABLE 2: PROJECTS BY TYPE

Category	Projects	NMTC	Total Project Cost	Percent of Projects
Accommodation and Tourism	189	\$2,149,089,369	\$4,729,461,768	3.8%
Automotive Sales and Repair	36	\$40,655,140	\$62,501,644	0.7%
Community (All)	1,601	\$15,027,583,716	\$25,410,332,990	32.1%
Arts and Culture	196	\$2,287,297,769	\$4,177,741,129	3.9%
Education	400	\$4,339,207,818	\$6,127,479,881	8.0%
Healthcare	512	\$5,009,588,066	\$8,648,427,672	10.3%
Other Service Providers	417	\$2,659,333,486	\$5,453,850,348	8.4%
Recreation	76	\$732,156,577	\$1,002,833,961	1.5%
Contracting	86	\$161,672,834	\$326,044,087	1.7%
Energy, Natural Resources, Utilities	194	2502542371	6195232986	3.9%
Grocery	156	\$1,260,992,813	\$2,561,522,234	3.1%
Housing	206	\$851,367,195	\$1,823,486,736	4.1%
Incubator	68	\$822,232,768	\$1,833,686,930	1.4%
Loan to CDE	70	\$772,822,023	\$964,052,506	1.4%
Manufacturing & Industrial	705	\$5,336,646,068	\$10,399,767,703	14.2%
Mixed	572	\$7,109,817,219	\$15,570,318,591	11.5%
Other Real Estate	217	\$1,359,196,696	\$2,592,571,727	4.4%
Professional Services	140	\$329,998,209	\$504,971,637	2.8%
Research, Science, Technology	47	\$476,385,299	\$1,149,457,661	0.9%
Restaurants	131	\$165,157,378	\$442,208,279	2.6%
Retail	344	\$2,086,981,348	\$4,924,929,805	6.9%
Transportation, Warehousing, Wholesale	218	\$1,451,176,847	\$2,208,331,180	4.4%
Total	4,980	\$41,904,317,293	\$81,698,878,461	

The IMPLAN model classifies impact data (jobs, taxes generated, and value added) in two main categories: operational and construction. The operational activities of a business are its core daily activities of generating revenue, such marketing its product and service offerings, administering payroll, and maintaining its facilities. Construction activities include the building, renovating, or otherwise altering property, accounting for spending on labor and materials related to construction. Construction jobs—unlike operational jobs—are temporary and reported in terms of “person-years” of labor. As noted previously, an employment impact of 10 jobs could refer to 20 people working six months or 2 people working five years.

Our findings show that the NMTC has generated over 1,000,000 jobs in low-income communities over a 12-year period, or nearly 75,000 jobs annually. As described in the methodology section, IMPLAN provides three economic impact types: direct effects, indirect effects, and induced effects. More than 570,000 jobs were a direct result of NMTC investments. Over 181,000 were created as an indirect result of NMTC investments, and almost 262,000 jobs were induced by the increased regional consumer spending spurred by NMTC investments (See Table 3). Direct, indirect, and induced effects are defined in the Methodology section in greater detail earlier in this report.

TABLE 3: JOBS CREATED

Impact Type	Construction Jobs	Operational Jobs	Total
Direct	237,042	333,266	570,309
Indirect	89,817	91,812	181,628
Induced	132,434	129,467	261,901
Total	459,294	554,545	1,013,838

Source: Analysis by Novogradac & Company LLP

IMPLAN modeled operational jobs by industry classification (Table 4). The table below also includes temporary full-time-equivalent construction jobs.

TABLE 4: JOBS BY INDUSTRY CATEGORY (2003-2015)

Industry	Direct	Indirect	Induced	Total
Administrative, Waste Management	2,751	15,849	5,964	24,563
Arts, Entertainment, Recreation	30,112	1,775	4,053	35,940
Construction (12 months, FTE)	237,042	89,817	132,434	459,294
Education	57,579	672	4,633	62,884
Government, Other	3,972	2,040	1,771	7,783
Healthcare and Social Services	78,710	520	26,535	105,765
Manufacturing and Industrial	31,666	15,963	3,201	50,831
Professional Services, Science, Technology	19,778	23,458	18,721	61,958
Real Estate, Contractors	10,894	17,001	19,824	47,719
Retail	63,581	1,174	23,918	88,673
Service Sector	26,509	5,238	14,092	45,839
Transportation, Warehousing, Wholesale	7,713	8,120	6,757	22,591
Total	570,309	181,628	261,901	1,013,838

Source: Analysis by Novogradac & Company LLP.

DIRECT ECONOMIC EFFECTS

Direct effects gauge the impact on an industry that is immediately affected by an NMTC investment. For example, direct jobs would include the construction workers hired to build an NMTC-financed manufacturing facility, as well as full-time jobs created within that new facility. The NMTC directly created 570,309 jobs, including 237,042 construction jobs and 333,266 operational jobs (see Table 5).

In addition to financing \$81.7 billion in projects, NMTC investments directly generated over \$38 billion in economic activity.

TABLE 5 — DIRECT EFFECTS: JOB CREATION, AND VALUE ADDED (2003-2015)

Category	Jobs	Value Added
Construction	237,042	\$17,435,524,768
Operational	333,266	\$21,197,176,610
Total	570,309	\$38,632,701,378

Source: Analysis by Novogradac & Company LLP

INDIRECT ECONOMIC EFFECTS

Indirect effects concern intra-industry economic impacts. NMTC investments create indirect effects in the local economy by increasing demand for goods and services up and down the supply chain. For example, an NMTC-financed timber mill might create business opportunities in the trucking industry and for wood suppliers and machinery shops, generating local jobs and spending on goods and services, along with the accompanying tax revenue.

The NMTC indirectly added nearly \$17 billion in economic activity to the economy, generating 181,628 jobs, including 89,817 construction jobs and 91,812 operational jobs (see Table 6). Most of the indirect operational jobs were in the service, transportation, waste management, agriculture, real estate management, or information technology sectors.

TABLE 6: INDIRECT EFFECTS: JOB CREATION, AND VALUE ADDED (2003-2015)

Category	Jobs	Value Added
Construction	89,817	\$8,623,226,218
Operational	91,812	\$8,260,756,999
Total	181,628	\$16,883,983,217

Source: Analysis by Novogradac & Company LLP

INDUCED ECONOMIC EFFECTS

When workers are hired and local wages increase, boosting regional consumer spending, the added demand for goods and services allows local businesses to expand, construct new facilities, hire more employees, and spend more on products and services that generate tax revenue. Induced effects are the extent to which investments generate increased household spending.

Our findings indicate that the NMTC financing induced 261,901 new jobs, including 132,434 in the construction sector and 129,467 operational jobs (see Table 7). Nearly half of the induced operational jobs were in the retail, restaurant, and healthcare sectors. This economic activity represented nearly \$23 billion in value added to the economy.

TABLE 7: INDUCED EFFECTS: JOB CREATION, AND VALUE ADDED (2003-2015)

Category	Jobs	Value Added
Construction	132,434	\$11,631,494,507
Operational	129,467	\$11,332,663,458
Total	261,901	\$22,964,157,965

Source: Analysis by Novogradac & Company LLP

RETURN ON INVESTMENT

FEDERAL TAX REVENUE

Because the NMTC is a tax incentive, each NMTC investment results in the loss of revenue for the federal government. Job creation, along with increased business investment and regional consumption, both counteract the revenue loss by generating additional tax revenue and IMPLAN models these outputs. Our findings show that the Credit pays for its cost to the federal government and provides a significant return on investment.

The Joint Committee on Taxation (JCT) estimated the ten-year cost of \$3 billion in NMTC allocation deployed in 2015 at \$759 million¹. During the same period, NMTC investments generated \$872 million in federal tax revenue.² The 2015 revenue fully offsets the \$759 million ten-year cost of the program to the federal government and provides an annual return of \$113 million, or 15 percent.

TABLE 8: TAX IMPACTS, 2015

Type of Tax Revenue Generated by 2015 NMTC Projects	Total Revenue, 2015	FY 2015 Cost to the Federal Government	Return on Federal Investment (Balance)
Federal Tax Revenue	\$871,726,307	\$758,977,610	\$112,748,696
State & Local Revenue	\$501,852,711		

Source: Analysis by Novogradac & Company LLP

These findings should be intuitive. New jobs generate payroll taxes. Increasing or easing the flow of capital into underperforming communities reduces government dependence and shifts taxpayers away from informal markets where tax collection is more difficult.

STATE AND LOCAL TAX REVENUE

By repurposing underutilized or abandoned buildings, stabilizing and revitalizing local economies, and generating new consumer demand, the NMTC helps boost tax revenue for state and local governments. Between 2003 and 2015, NMTC investments generated \$6.7 billion in state and local tax revenue. In 2015, nearly a decade after the onset of the Great Recession devastated state and local budgets, 16 state governments still faced budget shortfalls. That year, NMTC investments nationwide generated \$502 million in state and local tax revenue (see Table 8 above).

The 2013 Urban Institute evaluation of the NMTC reached a similar conclusion. Eighty percent of projects enhanced the local tax base; 70 percent of projects reported an increase in payroll taxes paid; two-thirds reported an increase in property taxes paid; 60 percent reported an increase in

² Includes any applicable federal social insurance taxes, indirect business taxes, corporate income taxes, and personal income taxes.

individual income taxes; more than half reported an increase in sales taxes; and one-third reported an increase in corporate taxes.³

For state and local revenue impacts by state, see Appendix B.

OTHER BENEFITS TO LOW-INCOME COMMUNITIES

COMMUNITY FACILITIES

In recent years, the NMTC has become one of the most important sources of federal support for community facilities and amenities that improve the quality of life for low-income community residents. The NMTC allocation application rewards applicants with a significant track record of job creation, but it also supports CDEs seeking to expand access to healthcare and day care centers, finance new schools, YMCAs, and community centers, and help prepare a 21st-century workforce through vocational training.

A 2013 Urban Institute study examined the extent to which the NMTC helps communities add amenities, improve services, and finance community facilities. The study found that 88 percent of NMTC projects brought direct or indirect quality-of-life improvements to their communities, including parks, playgrounds, shopping centers, health clinics, and other amenities.⁴

Table 9 details the community services and facilities financed by the NMTC between 2003 and 2015.

TABLE 9: COMMUNITY SERVICES AND FACILITIES (2003-2015)

Category	Projects	NMTC amount	Total Project Costs
Arts and Culture	196	\$2,287,297,769	\$4,177,741,129
Education	400	\$4,339,207,818	\$6,127,479,881
Healthcare	512	\$5,009,588,066	\$8,648,427,672
Other Service Providers	417	\$2,659,333,486	\$5,453,850,348
Recreation	76	\$732,156,577	\$1,002,833,961
Total	1,601	\$15,027,583,716	\$25,410,332,990

In addition to the 1,601 projects dedicated exclusively to community facilities, many of the 572 mixed-use projects financed included community facility components. For example, a project might include a federally qualified health clinic on the first floor and market-rate commercial office space on the upper floors. Mixed-use projects are tougher to categorize, given their complexity, but we identified 157 mixed-use projects with at least one significant community facility component and a total of 236 community facility components (see Table 10).

³ "New Markets Tax Credit Program Evaluation." The Urban Institute, 2013.

⁴ "New Markets Tax Credit Program Evaluation." The Urban Institute, 2013.

TABLE 10: COMMUNITY FACILITY COMPONENTS IN MIXED-USE PROJECTS (2003-2015)

Community Facility Component	Number
Elementary and secondary schools	21
Junior colleges, colleges, universities, and professional schools	19
Other Nonprofit or Community Space	30
Theaters, event, and performance spaces	27
Other educational services (vocational, education-focused nonprofits)	20
Museums, historical sites, zoos, and parks	18
Hospitals and health clinics	29
Nursing homes, residential care facilities, treatment facilities	4
Recreational facilities	10
Day care and early childhood education	20
Affordable housing, workforce housing	28
Total	226

A DEEPER LOOK: COMMUNITY FACILITIES

Below, we take a deeper look at the number of and types of services added to low-income communities through both stand-alone community facility projects and larger scale mixed-use projects. Community facilities were divided into subcategories, and, where possible, we have also used CDFI Fund data, supplemented with industry benchmarks, to estimate the number of individuals served.

Arts and Culture

For many communities, restoring an old theater or opening a new museum is the first step toward revitalization. Arts and cultural projects renew civic pride and bring foot traffic back to Main Street. Theaters, museums, and event spaces often double as community centers for civic engagement. Many offer educational opportunities, low or no-cost youth enrichment programs, and other additional benefits that enhance neighborhood education outcomes.

TABLE 11: ARTS AND CULTURE PROJECTS (2003-2015)

Arts & Culture sub-category	Stand-alone Projects	Components of Mixed-Use Projects	Total
Theaters, event, and performance spaces	112	27	139
Radio, television, music, and film production	20	-	20
Museums, historical sites, zoos, and parks	59	18	77
Total	191	45	236

Education

Nearly 300 NMTC projects involved the financing of one or more K-12 schools and an additional 21 mixed-use projects included a new school. A majority of elementary and secondary schools financed were public charter schools, but the NMTC has also been used to finance public schools and private institutions serving low-income individuals. About 196,000 students attend NMTC-financed schools nationwide. Education-related projects also include new buildings and research facilities for colleges, technical schools, and universities, vocational training centers, workforce development, and financing for other education-focused nonprofits.

TABLE 12: EDUCATION PROJECTS (2003-2015)

Education sub-category	Stand-alone Projects	Components of Mixed-Use Projects	Total	Individuals Served
Elementary and secondary schools	296	21	317	196,196 students
Junior colleges, colleges, universities, and professional schools	52	19	71	
Other educational services (vocational, education-focused nonprofits)	52	20	72	
Total	400	60	460	

Healthcare

A vast majority of healthcare projects involved hospital expansions, health clinics, and physicians' offices serving more than 17 million patients. Nursing homes and residential treatment facilities serve an estimated 64,000 additional individuals. Medical device research, development, and manufacturing projects are not included in these totals and were categorized separately, either as manufacturing or research, science, and technology.

TABLE 13: HEALTHCARE PROJECTS (2003-2015)

Healthcare sub-categories	Stand-alone Projects	Components of Mixed-Use Projects	Total	Individuals Served
Hospitals and health clinics	427	29	456	17,013,815 patients
Nursing homes, residential care facilities, treatment facilities	62	4	66	63,697 individuals
Veterinary services	5	-	5	
Total	512	33	545	

Other Service Providers

The "Other Service Providers" category includes a variety of social service providers and community amenities including parks, homeless shelters, food pantries, Boys and Girls Clubs, general community centers, family services, and early childhood education centers. For example, more than a dozen Educare projects have been financed by the NMTC across the country, including the first-ever Educare facility on tribal land.

TABLE 14: OTHER SERVICE PROVIDERS

Other Service Providers sub-category	Stand-alone Projects	Components of Mixed-Use Projects	Total	Individuals Served
Day care and early childhood education	76	20	96	46,351 children
Food shelters, homeless shelters, vocational rehabilitation	135	-	135	
Employment services	10	-	10	
Other nonprofits	117	30	147	
Individual and family services	42	-	42	
Other state and local government services	9	-	9	
Religious organizations	28	-	28	
Total	417	50	467	

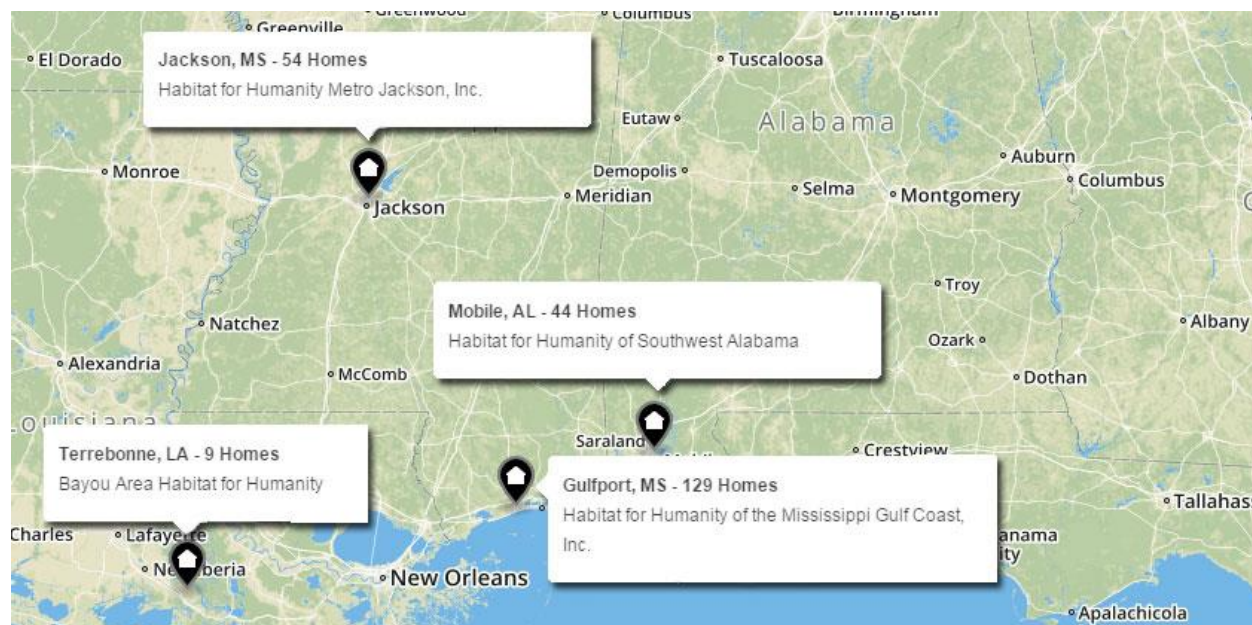
Recreational Facilities

Most of the recreational facilities financed are YMCAs and YWCAs, though there are a handful of gyms and athletic facilities like the Chase Near Eastside Legacy Center in Indianapolis, which combines athletic facilities and social service delivery.

HOUSING

The NMTC was not intended to support affordable rental housing. However, the program finances large-scale mixed-use developments, and a limited portion of a project can include rental housing. Through 2015, the program financed nearly 8,000 affordable rental units. Often, as was the case with the Miller's Court project in Baltimore and the Teachers Village project in Philadelphia, the NMTC finances workforce housing for teachers, artists, and entrepreneurs.

CDEs also deploy NMTC allocation toward the financing of affordable single-family homes. Smith NMTC Associates, LLC, located in St. Louis, Missouri, first developed and refined a model for financing Habitat for Humanity builds in 2008. The NMTC has financed more than 6,000 affordable single-family homes, a majority of which are Habitat builds. This innovative model for NMTC single-family housing was particularly important in financing hundreds of housing units in the wake of Hurricanes Katrina and Rita.



FINANCIAL COUNSELING AND TECHNICAL ASSISTANCE:

Many mission-driven lenders seek to help small or family-owned businesses, families and individuals become self-sufficient or “bankable.” Businesses receiving NMTC financing typically receive technical assistance and support unavailable on the conventional lending market. A lesser-known eligible use of the proceeds of qualified equity investments is to support financial counseling for low-income community businesses. Through 2015, CDEs have assisted 51,506 businesses.

NMTC INVESTMENT TRENDS

The NMTC program has matured considerably since the first project closed in 2003. Increased awareness, investor demand, regulatory clarifications, shifting economic landscape, and competition for allocation created subtle shifts in the deployment of NMTC allocations, increasing efficiencies and overall community impact. The NMTC has become a significant

player in rural economic development. Also, more NMTC financing is going to the community facilities and manufacturing.

LOCATION TRENDS

In 2006, Congress enacted The Tax Relief and Health Care Act of 2006 (P.L. 109-432), which amended the NMTC statute to ensure that non-metropolitan communities were allocated a proportional share of NMTC allocation. The CDFI Fund defined “non-metropolitan counties” as counties that are not contained within a Metropolitan Statistical Area, according to the most recent census. There is evidence that the 2006 provision initiated a trend toward more investment in rural communities. Investment in non-metro counties has picked up, averaging 22 percent between 2010 and 2015 after averaging 9 percent between 2001 and 2009. The chart below shows the annual percent of NMTC investments in Non-Metropolitan counties.

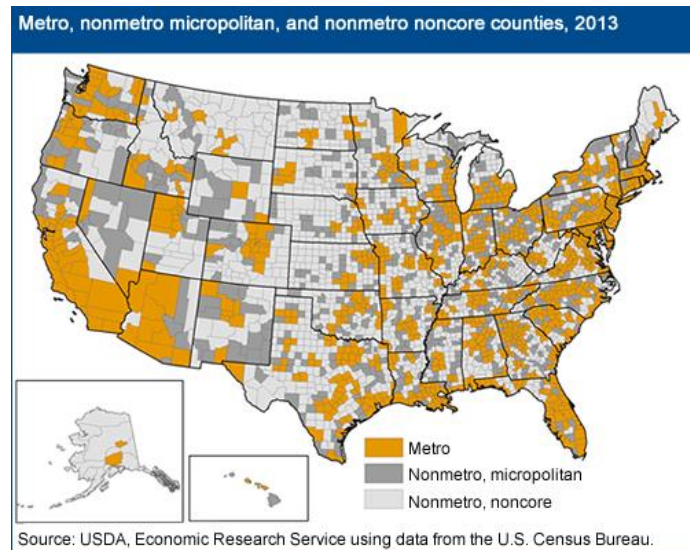
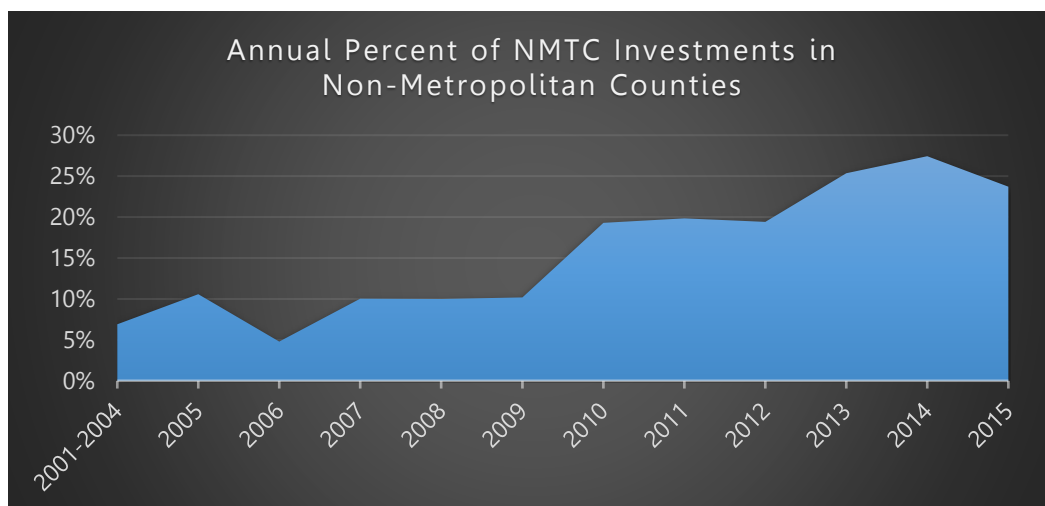


CHART 1: NON-METRO NMTC INVESTMENTS BY YEAR



INDUSTRY SECTOR TRENDS:

NMTC investments have shifted away from retail and foodservice-related industries toward timberlands, manufacturing, grocery stores, healthcare, education, and other community facilities. The past administration’s focus on expanding access to grocery stores in food deserts could explain the increase in grocery stores. The triage of automotive businesses, which was briefly popular during the precipitous decline of the auto industry in 2006, 2007, and 2008, tailed off sharply in recent years.

TABLE 15: INDUSTRY SECTOR TRENDS

Industry	Percentage of Projects (2003-2009)	Percentage of Projects (2010-2015)	Change
Manufacturing & Industrial	11.7%	16.7%	5.1%
Community: Healthcare	8.6%	12.0%	3.4%
Community: Education	6.5%	9.6%	3.2%
Energy, Natural Resources, Utilities	2.6%	4.8%	2.3%
Grocery	2.5%	3.8%	1.4%
Housing	3.4%	4.7%	1.3%
Community: Recreation	1.2%	2.0%	0.8%
Community: Arts and Culture	3.5%	4.1%	0.6%
Research, Science, Technology	1.1%	1.2%	0.1%
Transportation, Warehousing, Wholesale	4.5%	4.3%	-0.2%
Community: Other	8.5%	8.2%	-0.3%
Accommodation & Tourism	4.0%	3.6%	-0.4%
Incubators	1.6%	1.1%	-0.5%
Professional Services	3.1%	2.6%	-0.5%
Automotive Sales and Repair	1.0%	0.5%	-0.5%
Loan to CDE	2.0%	0.8%	-1.2%
Mixed	12.2%	10.7%	-1.5%
Contracting	2.5%	1.0%	-1.5%
Restaurants	3.7%	1.5%	-2.2%
Other Commercial Real Estate	6.0%	2.7%	-3.3%
Retail	9.9%	3.9%	-6.0%

A broader categorization of projects shows a similar trend toward community facilities and manufacturing and away from general real estate, retail, and service sector businesses.

TABLE 16: INDUSTRY SECTOR TRENDS

Category	Percentage of Projects (2003-2009)	Percentage of Projects (2010-2015)	Change
Community	31.8%	40.7%	9.0%
Industrial	18.7%	25.8%	7.1%
Other	3.1%	2.0%	-1.1%
Commercial Real Estate	23.7%	18.2%	-5.6%
Retail and Service Sector	22.6%	13.3%	-9.4%

APPENDIX A: EMPLOYMENT IMPACTS BY STATE

State	Ops - Direct Jobs	Ops - Indirect Jobs	Ops - Induced Jobs	Cons - Direct Jobs	Cons - Indirect Jobs	Cons - Induced Jobs	Total Ops Jobs	Total Cons Jobs	Total Direct Jobs	Total Indirect Jobs	Total Induced Jobs	Total jobs
AK	1,009	327	333	466	146	245	1,669	857	1,475	473	578	2,527
AL	2,668	841	1,079	2,091	765	932	4,588	3,788	4,759	1,605	2,011	8,376
AR	2,549	729	798	2,114	655	721	4,076	3,489	4,662	1,384	1,519	7,565
AZ	5,053	1,489	2,076	4,414	1,855	2,868	8,618	9,138	9,467	3,345	4,944	17,756
CA	30,319	9,628	12,891	17,389	8,114	13,446	52,837	38,949	47,707	17,742	26,337	91,786
CO	3,791	707	1,133	2,266	800	1,141	5,630	4,208	6,056	1,508	2,274	9,838
CT	2,593	552	1,086	2,694	913	1,483	4,231	5,091	5,288	1,465	2,569	9,322
DC	5,912	783	523	4,376	806	558	7,218	5,740	10,288	1,589	1,082	12,958
DE	1,354	289	352	694	201	310	1,995	1,205	2,047	491	662	3,201
FL	9,074	3,478	4,401	5,324	2,591	3,516	16,953	11,431	14,398	6,068	7,917	28,384
GA	6,623	1,996	3,089	4,315	1,696	2,383	11,708	8,394	10,938	3,692	5,472	20,102
HI	681	318	211	293	75	133	1,210	502	974	394	344	1,712
IA	2,145	787	907	1,717	535	769	3,839	3,021	3,861	1,322	1,676	6,859
ID	729	173	219	370	120	137	1,122	627	1,099	293	356	1,748
IL	13,938	2,833	5,538	5,131	2,096	3,699	22,309	10,926	19,069	4,929	9,237	33,235
IN	4,718	914	1,380	1,329	508	745	7,013	2,581	6,047	1,422	2,126	9,594
KS	782	110	153	286	88	125	1,044	498	1,067	198	277	1,542
KY	8,500	2,140	2,405	6,051	2,026	2,539	13,045	10,616	14,551	4,166	4,943	23,661
LA	20,342	5,020	7,850	15,002	5,491	7,783	33,213	28,276	35,344	10,511	15,633	61,489
MA	12,668	3,174	6,218	6,424	2,246	3,978	22,060	12,648	19,092	5,420	10,197	34,708
MD	7,210	3,343	3,598	10,532	3,697	5,913	14,151	20,141	17,741	7,040	9,511	34,293
ME	4,267	1,464	1,880	2,094	751	884	7,611	3,730	6,361	2,216	2,764	11,341
MI	9,368	2,416	3,829	6,403	2,738	4,342	15,613	13,484	15,772	5,154	8,171	29,097
MN	7,893	2,114	3,190	4,560	1,852	2,887	13,198	9,299	12,452	3,966	6,078	22,496
MO	12,030	3,559	5,297	11,282	4,137	6,065	20,886	21,484	23,312	7,696	11,362	42,370
MS	7,035	2,446	2,708	5,862	1,812	2,009	12,190	9,683	12,898	4,258	4,717	21,872
MT	1,869	268	399	674	222	257	2,536	1,153	2,543	490	656	3,689
NC	5,314	1,741	2,556	8,305	2,917	3,983	9,611	15,205	13,619	4,659	6,539	24,816
ND	653	103	142	181	53	78	898	312	833	156	220	1,209
NE	1,426	393	466	1,180	390	535	2,285	2,104	2,606	782	1,001	4,389
NH	949	291	612	1,148	406	575	1,853	2,129	2,097	697	1,187	3,981
NJ	11,017	2,471	4,143	6,308	2,396	4,077	17,631	12,781	17,325	4,867	8,220	30,412
NM	3,081	712	939	1,429	452	572	4,733	2,454	4,511	1,164	1,511	7,187
NV	681	130	191	192	73	113	1,002	378	873	203	304	1,380
NY	28,678	6,724	9,654	22,470	7,548	12,188	45,056	42,207	51,148	14,272	21,842	87,263
OH	17,443	3,749	6,088	14,575	5,908	8,126	27,280	28,609	32,018	9,657	14,214	55,889
OK	4,238	1,626	1,779	4,236	1,448	1,635	7,643	7,319	8,475	3,074	3,413	14,962
OR	7,250	3,639	3,464	4,927	2,288	3,051	14,353	10,266	12,178	5,927	6,515	24,619
PA	14,172	2,804	5,094	9,497	3,844	6,185	22,070	19,526	23,670	6,648	11,279	41,596
RI	2,030	419	689	3,005	1,046	1,530	3,138	5,582	5,036	1,465	2,219	8,720
SC	4,177	1,386	1,891	4,388	1,653	2,224	7,455	8,264	8,565	3,039	4,115	15,719
SD	1,118	196	232	487	117	146	1,546	750	1,604	313	379	2,296
TN	2,926	770	1,322	3,060	1,158	1,550	5,018	5,767	5,986	1,927	2,872	10,785
TX	13,523	3,189	4,979	6,283	2,846	3,907	21,691	13,036	19,805	6,036	8,887	34,728
UT	3,461	886	1,290	1,076	496	681	5,637	2,253	4,538	1,383	1,971	7,891
VA	3,716	966	1,317	4,550	1,541	2,215	5,999	8,306	8,267	2,507	3,532	14,305
VT	709	372	303	766	244	309	1,384	1,319	1,476	615	612	2,703
WA	9,425	2,800	3,619	5,348	2,184	3,200	15,844	10,732	14,773	4,984	6,819	26,576
WI	11,420	4,238	4,792	8,641	3,645	5,345	20,450	17,631	20,061	7,883	10,137	38,082
WV	544	275	330	791	214	327	1,148	1,331	1,334	489	657	2,480
WY	194	34	28	47	11	14	255	72	241	44	42	328
Total	333,266	91,812	129,467	237,042	89,817	132,434	554,545	459,294	570,309	181,628	261,901	1,013,838

APPENDIX B: TAX IMPACTS BY STATE

State	Ops - State - Direct Tax	Ops - State - Indirect Tax	Ops - State - Induced Tax	Total State and Local	Total State and Local 2015
AK	12,186,474	4,137,947	3,918,339	26,537,265	1,982,337
AL	15,926,790	5,120,980	7,815,507	45,570,940	3,404,155
AR	13,280,712	4,862,189	5,863,409	38,677,846	2,889,240
AZ	29,237,932	9,652,538	17,815,620	107,790,483	8,051,962
CA	202,432,669	73,055,059	140,592,262	744,157,884	55,588,685
CO	21,716,376	5,697,268	10,194,628	61,705,102	4,609,379
CT	14,924,594	5,082,951	11,872,165	69,409,808	5,184,921
DC	42,909,189	17,314,228	9,578,348	136,122,755	10,168,386
DE	6,772,000	2,053,487	3,308,409	19,795,705	1,478,742
FL	37,614,530	15,941,194	31,492,528	129,791,251	9,695,422
GA	57,290,784	13,677,387	23,321,160	134,136,537	10,020,016
HI	7,740,325	1,139,205	1,959,689	14,336,477	1,070,937
IA	13,421,887	5,111,846	6,622,821	39,973,387	2,986,017
ID	4,666,564	946,832	1,567,659	9,899,690	739,508
IL	72,378,529	26,562,188	51,186,514	220,321,165	16,458,018
IN	13,849,668	5,879,761	10,747,554	44,591,938	3,331,023
KS	5,180,450	639,149	1,187,161	9,609,710	717,847
KY	39,484,170	10,656,415	17,604,686	118,007,112	8,815,146
LA	156,372,754	31,678,005	59,390,628	377,533,709	28,201,814
MA	72,261,217	33,394,504	66,075,526	271,243,797	20,261,945
MD	17,380,113	25,188,870	35,444,921	234,328,996	17,504,405
ME	17,591,698	10,088,750	14,713,461	59,997,822	4,481,845
MI	16,234,393	18,191,013	33,683,965	145,749,271	10,887,488
MN	55,274,371	17,049,374	27,965,977	158,042,972	11,805,829
MO	68,267,221	21,851,339	40,035,390	234,149,588	17,491,003
MS	44,642,171	15,518,787	20,002,128	118,128,444	8,824,209
MT	10,824,202	1,780,215	3,006,070	20,981,044	1,567,287
NC	68,142,317	10,194,918	20,263,372	176,106,379	13,155,168
ND	2,682,485	922,227	1,382,620	7,347,601	548,867
NE	5,162,618	2,513,594	3,230,489	20,030,881	1,496,309
NH	42,791,993	1,565,106	5,290,899	59,679,934	4,458,098
NJ	60,231,552	23,358,468	45,397,706	227,145,449	16,967,793
NM	17,882,047	4,383,568	7,457,913	40,531,530	3,027,710
NV	2,937,351	878,732	1,586,386	7,310,000	546,058
NY	244,268,388	79,823,469	128,327,632	875,078,468	65,368,469
OH	81,907,578	25,013,321	48,987,451	311,019,240	23,233,175
OK	20,239,248	12,258,583	12,931,442	75,161,426	5,614,568
OR	57,801,065	18,387,036	28,548,670	169,535,678	12,664,336
PA	62,240,315	20,079,808	45,669,805	253,528,646	18,938,621
RI	13,088,238	2,858,365	6,114,080	56,062,132	4,187,848
SC	34,634,250	7,450,253	11,324,081	84,360,988	6,301,776
SD	1,405,636	1,240,355	1,627,286	6,614,831	494,129
TN	14,986,647	4,509,668	9,636,534	50,465,706	3,769,794
TX	56,590,208	22,776,939	38,961,641	176,023,476	13,148,975
UT	14,161,313	5,306,865	9,497,670	40,805,838	3,048,201
VA	20,217,707	7,903,773	11,995,269	88,370,763	6,601,307
VT	2,999,185	2,044,647	2,269,521	13,184,564	984,889
WA	42,435,663	15,430,501	29,479,460	136,250,017	10,177,893
WI	56,247,072	27,818,583	37,179,224	221,596,563	16,553,290
WV	18,700,550	1,201,901	2,592,730	29,303,244	2,188,956
WY	1,470,357	196,177	210,026	2,127,385	158,916
Total	2,013,085,566	680,388,338	1,166,928,432	6,718,231,437	501,852,711

