



# NEW MARKETS TAX CREDIT COALITION

## FY 2018 Appropriations Update, Looking Ahead to 2018 – 12/22/2017

Late yesterday, both the House (231-188) and the Senate (66-32) passed H.R. 1370, a Continuing Resolution (CR) for Fiscal Year (FY) 2018, which funds the federal government at current rates through January 19. The bill also contains 90 days funding for the children's health insurance (CHIP), veterans healthcare funding, and emergency defense appropriations. Finally, the bill waives the PAYGO rule triggered by the passage the tax overhaul, H.R. 1, which would have triggered \$25 billion in automatic entitlement cuts in 2018. This final hurdle cleared the way for the president to sign the tax package before the new year arrived.

- [Read a summary of the CR](#)

Among the issues that Congressional leaders could not agree on: discretionary spending caps for FY 18 that would clear the way for final FY 18 appropriations, a long-term fix for CHIP, insurance payments related to the Affordable Care Act, DACA, and disaster assistance. Congress is now in recess until the first week of January. Whether agreement on any or all of these issues can be resolved by the next Continuing Resolution due date (January 19th) is an open question.

Earlier this year, the president's FY 2018 budget proposed gutting the CDFI Fund, but NMTC supporters should be heartened that the House and Senate went a different direction. The Senate provided \$248 million for the CDFI Fund, more than the House (\$190 million) and much more than the \$14 million provided by the White House's FY 2018 budget.

### Disaster Assistance

Separately, yesterday the House also passed H.R. 4667 disaster relief funding totaling \$81 billion targeted to states and territories affected by Hurricanes Harvey, Irma, and Maria, and calendar year 2017 wildfires. Disagreements in the Senate, particularly regarding aid to Puerto Rico and the Virgin Islands will delay consideration into the New Year. Unlike the GO-Zone legislation enacted in 2005, the bill does not include tax incentives to promote rebuilding.

- [Read the disaster assistance bill](#)

### What's Next?

In addition to finalizing FY 2018 appropriations, dealing with CHIP, DACA, disaster assistance, the ACA, and spending caps, Congress may take up several tax items in the coming months. This morning, President Trump tweeted his interest in a bipartisan infrastructure effort, something Senate Majority

Leader Mitch McConnell has also signaled an interest in pursuing. During the campaign, Trump proposed a tax break for investment in infrastructure projects, but his FY 2018 budget would have slashed or eliminated many infrastructure financing programs.

Congress is also likely to take up the extension of a collection of expired (or expiring) tax provisions in a tax extender package. During the Senate Finance Committee debate on tax reform, there was a discussion of addressing a permanent extension for the NMTC in an end of the year extender package. The [legislation introduced by Finance Committee Chairman Hatch](#) this week focused on expired provisions. If the package ultimately provides a two-year extension to expired energy incentives, that would align them with the NMTC's current expiration date of 2019. The Coalition will be continuing conversations with Congress on the issue of an extension for the credit and continuing efforts to add cosponsors to the NMTC Extension bills (H.R. 1098 and S. 384).

Congress may also take action on the medical device tax. The PATH Act included a two-year suspension of the 2.3% excise tax on medical device manufacturers and importers that was implemented in 2013 as part of the Affordable Care Act. The suspension expires December 31, 2017, and if the device tax receives another two-year suspension, it will join what looks to be a growing tax extenders bandwagon.

There is significant interest from Congressional Republicans in a tax technical fix bill. There was similar talk after the 1986 reform, but legislation was never enacted. Republicans will need 60 votes in the Senate to make adjustments their tax overhaul, and with Democrats still smarting over their inability to apply fixes to the Affordable Care Act, bipartisan cooperation may not materialize. Still, a technical fix package could move as part of a larger bipartisan deal on spending.

House Speaker Paul Ryan has expressed an interest in pursuing "welfare reform" next year, but Senator McConnell yesterday threw cold water on the idea. Any significant 2018 legislative activity is likely to be limited to the first two quarters of 2018. After that, the campaign season ramps up and outside forces - including new developments in Robert Mueller's investigation - should dominate the political landscape through Election Day.



## Tax Overhaul Passes Congress – 12-20-2017

Late last night, the Senate passed the Tax Cuts and Jobs Act, H.R. 1 (51-48), and moments ago, the House took up the bill and passed it as well. The final package, which costs nearly \$1.5 trillion over ten years, now goes to President Trump's desk for signature. Congressional Republicans are expected to join him later today for a celebration.

- [H.R. 1 bill text and other information](#)

The bill preserves the NMTC through 2019, thanks to the efforts of Coalition advocates and our Congressional allies.

For example, in a floor statement last night, [Senator Portman highlighted the preservation of the NMTC and private activity bonds](#):

*"We also preserved important tax credits for urban redevelopment through the new markets tax credit and the private activity bonds, which are still in this legislation, just as they are in current law. In Ohio, again, these tax incentives have leveraged a lot more private sector dollars, spurred economic growth and job creation, affordable housing and I think have ultimately increased the tax revenue because as people are working and as you get these buildings up and going, economic growth is generated and so is tax revenue. They pay for themselves in my view. I shared some of those success stories in my home state throughout the process, and we maintained those provisions in the final bill."*

Today, the Coalition put out a press release commending Congress for preserving the NMTC and recapping the NMTC Annual Conference:

- [NMTC Coalition conference recap press release](#)

Congress now turns its attention to a continuing resolution to keep the government open. The previous CR expires Friday.



## Give Thanks to NMTC Supporters – 12-18-2017

Late Friday, House and Senate Conferees reached a deal and released their [final conference report](#). After weeks of aggressive Coalition outreach and engagement with Congressional Republicans, the final conference report preserved the NMTC through 2019. Several dozen Republicans publicly weighed-in on the NMTC over the past year, either through letters to leadership or cosponsorship of the NMTC Extension Act of 2017 ([H.R. 1098](#) and [S. 384](#)). If you have deals in their states or districts, please take a moment to send a thank you note. A spreadsheet with contact information can be downloaded at the link below, and we have written a short sample letter as well.

In addition, a number of Congressional Democrats, including Senator Ben Cardin and Representative Richard Neal, championed the Credit. While they will not support this legislation, both lent their voices to the successful effort to salvage the NMTC. We have always had bipartisan support for the NMTC, and that is our goal for the future. Below, there is also sample letter to Democrats who made statements in Committee or on the floor.

It worth putting this entire episode in context. It was probably always the case that the House would attempt to terminate NMTC. Under the heading “Special Interest Subsidies and Crony Capitalism,” the 2016 House Republican Blueprint assailed tax expenditures as “special interest giveaways” with “Washington pickings winners and losers.” This “spending through the tax code...amounts to more than \$1.4 trillion”.As we have noted before, the NMTC is a tax expenditure.

As 2017 unfolded, House Republicans lost multiple potential offsets for rate cuts, determining that the Border Adjustment Tax and changes to 401k rules were politically unacceptable. An attempt full repeal the State and Local Tax Deduction met resistance from Republicans in high tax states and was scaled back. To keep the bill under the \$1.5 trillion price tag, the Ways and Means Committee went looking for nickels and dimes and put together terminations of NMTC, WOTC, HTC and Private Activity Bonds totaling about \$50 billion.

In 1993, Congress approved reconciliation legislation that made the Low Income Housing Tax Credit (LIHTC) permanent. Two years later, H.R. 2491, the Seven Year Balanced Budget Reconciliation Act, terminated LIHTC after 1997. This legislation was vetoed by President Clinton. Nonetheless, H.R. 2491 was a test for LIHTC and its supporters and advocates. Having survived, the housing credit has gone on to cement its position as the principal source of federal financing for affordable housing. The House version of H.R. 1 presented the greatest test NMTC has faced, and we successfully faced this challenge largely by raising the profile of the NMTC and its success in communities across America. With heightened Congressional awareness of NMTC, we are in a better position to sustain and extend the Credit going forward.

### Republican Thank Yous

- [Republican NMTC supporters' tax staff contact information](#)

Sample thank you note to Todd Rokita (R-IN)'s staff:

I was pleased to learn that the final conference report of the Tax Cuts and Jobs Act preserved the New Markets Tax Credit's existing authorization through 2019. Please convey my thanks to Congressman Rokita for his support of the NMTC.

As you know, without the program, we would not have been able to finance [X, Y, Z] in [City in Rokita's district].

Thank you again, and we look forward to working with you over the next year to make the program a permanent part of the tax code.

### Democratic Thank Yous

- **Senate:** Cardin (D-MD) (pushed for an amendment making the NMTC permanent), Stabenow (D-MI) (made floor statement), Menendez (D-NJ) (made floor statement), Schumer (D-NY) (raised the NMTC at Hill press conference), and Brown (D-OH) (mentioned the NMTC in committee).
- **House (all made floor statements supporting the NMTC):** Sewell (D-AL), Davis (D-IL), Neal (D-MA), Kildee (D-MI), Evans (D-PA), Beatty (D-OH), Jayapal (D-WA).
- [Democratic tax staff contact information](#)

Sample thank you note to Danny Davis (D-IL):

As you know, the House and Senate's conference report preserved the final two years of the New Markets Tax Credit. While I understand that Congressman Davis opposes the bill, I still wanted to let you know that we appreciate his vocal support for the NMTC on the House floor.

Without the NMTC, we would not have been able to finance [X, Y, Z] in [City].

We look forward to working with you over the next year on making the NMTC a permanent part of the tax code.

### Tax Reform and NMTC Investor Demand

Two provisions in the conference report may impact investor demand for NMTCs. First, the repeal of the corporate alternative minimum tax (AMT) may increase the appetite for NMTCs from smaller corporate investors. In the past, AMT considerations limited these investors' ability to claim the NMTC. Second, the new Base Erosion Anti-Abuse Tax on foreign corporate earnings may adversely affect demand from investors with significant foreign operations. The Coalition will be monitoring how these provisions ultimately impact NMTC investor demand. We urge Coalition members to contact us if there are other provisions in the tax bill that you believe may have unintended consequences for NMTC investor demand or other corporate entities involved in NMTC transactions.



## Tax Conference Report Text Released – 12-15-2017

### *New Markets Tax Credit Preserved Through 2019*

This evening, after making some last minute changes to secure Senator Marco Rubio's vote, House Ways and Means Committee Chairman Kevin Brady released the final text of the Tax Cuts and Jobs Act, H.R. 1.

- [Read the conference report](#)
- [Read the conference report summary](#)

Senator Bob Corker, who opposed the Senate bill, also announced his support for H.R. 1. Corker's support more or less ensures its passage early next week.

### **Implications for the New Markets Tax Credit**

As expected, the bill preserves the New Markets Tax Credit, leaving the program in place through 2019. The final text also repeals the Corporate Alternative Minimum Tax (AMT). The Senate-passed bill had included a corporate AMT rate of twenty percent, a proposal which would have created significant challenges for tax credits like the NMTC. The NMTC Coalition released the following statement:

“NMTC investments generated more than \$156 billion in economic activity, creating 1,013,837 jobs in low-income rural and urban communities from 2003 to 2015. With that kind of track record and a cost of just \$1.7 billion over ten years it was difficult to understand why the House would terminate the New Markets Tax Credit in the first place. The NMTC is a great deal for the federal government, but most importantly it is a critical tool for our country’s small, overlooked rural towns and blighted urban neighborhoods that have been left outside of the economic mainstream for far too long. We applaud the conference committee for their work to maintain the Senate’s position on the NMTC and maintain the credit’s authorization for 2018 and 2019, as was agreed to in the bipartisan PATH Act that Congress passed in December 2015.”

For more information on the NMTC read the [NMTC Coalition’s 2017 Economic Impact Report](#) that was released on December 8th.

### **Other Community Development Provisions**

- Historic Tax Credit: Repeal of the ten percent rehabilitation tax credit and modification of the twenty percent federal rehabilitation tax credit, changing the credit period from one year to five years.
- Preservation of the Low Income Housing Tax Credit
- Preservation of Private Activity Bonds.
- Preservation of the Work Opportunity Tax Credit
- Creation of Qualified Opportunity Zones proposed under the Invest in Opportunity Act (with some minor modifications from the Senate proposal)

### **Additional provisions**

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| <ul style="list-style-type: none"><li>• Corporate rate cut from 35% to 21% starting in 2018 (the Senate had proposed a delay until 2019)</li><li>• Ends the individual insurance mandate established in the Affordable Care Act</li><li>• Cuts the top individual rate to 37%. Individual rates set to 10%, 12%, 22%, 24%, 32%, 35%, and 37%.</li><li>• Scaled back state and local tax deduction. Taxpayers could write-off</li></ul> | <p><b>New Individual Brackets</b></p> <ul style="list-style-type: none"><li>• 10%: \$0 to \$9,525 of taxable income for an individual; \$0 to \$19,050 for married joint filers</li><li>• 12%: \$9,526 to \$38,700 individual; \$19,051 to \$77,400 joint</li><li>• 22%: \$38,701 to \$70,000 individual; \$77,401 to \$165,000 joint</li><li>• 24%: \$70,001 to \$160,000 individual; \$165,001 to \$315,000 joint</li><li>• 32%: \$160,001 to \$200,000 individual; \$315,001 to \$400,000 joint</li><li>• 35%: \$200,001 to \$500,000 individual; \$400,001 to \$600,000 joint</li><li>• 37%: over \$500,000 individual; over \$600,000 joint</li></ul> |
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up to \$10,000 in property taxes, income or sales taxes paid or a combination of property and sales or property and income taxes.

- Increase of the child tax credit to \$2,000. Up to \$1,400 would be refundable, and the credit phases out for families making over \$400,000.
- Creation of the Base Erosion Anti-Abuse Tax, a minimum tax on foreign transactions
- Increases the standard deduction from \$6,350 and \$12,700 under current law to \$12,000 and \$24,000 for individuals and married couples
- Preserves the mortgage deduction for first and second homes up to \$750,000. Changes grandfathered in for current homeowners.
- Expands the medical expense deduction for 2018 and 2019 for medical expenses exceeding 7.5 percent of adjusted gross income, and rising to 10 percent beginning in 2020
- Doubles the cap on the estate tax, allowing more families to pass down wealth from generation to generation
- Provides a 20 percent deduction for the first \$315,000 of joint income earned by businesses organized as S corps, partnerships, LLCs, and sole proprietorships.
- Allows businesses to fully expense new equipment

#### Notable omissions

- Revival of tax credits for fuel cells, small wind and geothermal heat pumps.
- Preserves phase-out of tax incentives for both the solar and wind industries passed in the PATH Act

Thank you to everyone who wrote, called, or otherwise contacted their members of Congress over the past two months. On Monday, we will provide Coalition members with information on thanking supporters of the NMTC.



## NMTC Conference Underway, Tax Deal Reached – 12-13-2017

Today, in advance of the first official meeting of tax conferees, House and Senate Republicans reached a final agreement on H.R. 1, the Tax Cuts and Jobs Act. We understand from multiple sources on the Hill, including Senator Roy Blunt (R-MO), that the deal would preserve the New Markets Tax Credit. If this holds, it is a **significant victory** for America's most distressed communities.

This afternoon, NMTC Coalition conference attendees went to the Hill to reinforce the message and close the deal. The final details of the Republican deal have not been officially released, but media reports confirm the following:

- Corporate rate of 21% starting in 2018 (the Senate had proposed a delay until 2019)
- Elimination of the Corporate AMT
- Cutting of the top individual rate to 37%.
- Scaled back state and local tax deduction. Taxpayers could write-off up to \$10,000 in property taxes, income or sales taxes paid or a combination of property and sales or property and income taxes.

[Read more in the NYTimes](#)



## State of Play – 12/12/2017

The New Markets Tax Credit (NMTC) hangs in the balance as Congress races to finalize tax reform legislation. The Congressional leadership's goal is to wrap-up work on the bill in order to get it to the President's desk before Christmas. The New Markets Tax Credit Coalition Annual Conference convenes tomorrow and will be on Capitol Hill making the case for NMTC. The principal agenda for those attending is working to preserve the NMTC.

As we prepare this memo, behind the scenes negotiations continue on the House and Senate versions of H.R. 1, the Tax Reform and Jobs Act. The Conference Committee on H.R. 1 convenes on Wednesday, December 13. The House leadership announced late last week that the Tax Cut and Jobs Act conference report will be on the floor the week of December 18.

The House and Senate bills differ in a number of ways, although the overall goal is clear: a major reduction in corporate tax rates. Both bills reduce net federal tax revenue by close to \$1.5 trillion and cut the corporate rate from 35 percent under current law to 20 percent. That reduction takes place on January 1, 2018, in the House bill, but the Senate delays the cut until January 1, 2019, which lowers their bill's cost. The House bill eliminates the Alternative Minimum Tax (AMT), and the Senate bill retains it at 20 percent.

The House bill terminates the NMTC after 2017 and also ends Private Activity Bonds (PAB), Historic Tax Credits (HTC), and Work Opportunity Tax Credit (WOTC), saving around \$50 billion over the 10-year scoring window.



The Senate bill does not include any of these terminations, though it ends the 10 percent rehabilitation credit and shifts the 20 percent HTC from a one-year credit to a five-year credit. On the NMTC, the Senate bill leaves the 2018 and 2019 authorizations established in the PATH Act intact. The Senate's version of H.R. 1 also includes the Investing in Opportunity Act (IOA), which authorizes states to establish opportunity zones eligible for private-sector investments that receive a deferral of capital gains taxes. In general, the zones have a geography that is similar to NMTC.

In the House, some Members have urged the leadership to accept the Senate position on the NMTC. A total of 27 House Republicans sent a letter to the House Speaker Ryan and Ways and Means Committee Chairman Brady supporting a permanent extension of the Credit. In addition to these 27 Representatives, a number of Republican Ways and Means members separately weighed in with their leadership in support of maintaining the PATH Act authorization for the NMTC.

In the Senate, the Finance Committee mark-up of the tax bill revealed important bipartisan support for both maintaining the 2018 and 2019 authorizations for the NMTC and finding a legislative vehicle – an extender bill – to provide a permanent authorization for the Credit, along the lines of S.384, the NMTC Extension Act of 2017.

The question before the NMTC industry is: what are the best ways to persuade the House and bolster the Senate's argument for preserving the PATH Act authorization? Further, how do we advance the effort to gain a permanent authorization?

### Key Issues and Talking Points

#### Preserve the NMTC

**State of play:** The House terminates the NMTC. The Senate bill preserves the final two years authorized under the PATH Act (2018 and 2019). The cost for the remaining years is \$1.7 billion.

#### Talking points:

- Support the Senate proposal to preserve the NMTC, an efficient and proven tool for revitalizing communities left out of the economic mainstream.
- The NMTC increases the flow of capital to businesses and low-income communities by providing a modest tax incentive to private investors. The NMTC has proven to be an effective, targeted and cost-efficient financing tool valued by businesses, communities, and investors. More than 2,100 organizations wrote Congress in October calling for an extension and expansion of the NMTC.
- From business expansions to new healthcare and childcare facilities, the NMTC program was designed as a flexible incentive for economic development that meets evolving community needs. Instead of Washington picking winners and losers, the New Markets Tax Credit empowers local decision-making on important economic development projects. The nonprofit and industry sectors receiving NMTC financing are diverse, reflecting a cross-section of the American economy.
- The NMTC has delivered an unprecedented level of investment to America's low-income communities. Between 2003 and 2015, over \$41 billion in NMTC allocation generated \$82 billion in total project investments in more than 5,000 NMTC-qualified businesses. Those NMTC

investments generated over a million jobs in low-income communities at a cost to the government of less than \$20,000 per job.

- Tax reform will bring broad benefits to the economy, but the cost of capital will remain high in severely distressed communities. The NMTC is a bipartisan solution for economic development in communities hit hardest by economic downturns and the dwindling job opportunities. We should invest in federal programs that work, and the NMTC fits that bill.
- 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.
- 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, more than enough cover the \$759 million annual cost of the program in 2015, and provided an annual return of \$113 million, or 15 percent.
- 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.
- The NMTC enhances community revitalization efforts by financing community facilities and other important quality of life amenities. Between 2003 and 2015, the NMTC financed nearly 2,000 community services and facilities, including hospitals, schools, nonprofit service providers, and day care centers.
- 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.
- Over the years, as the program has matured, NMTC financing has increasingly gone to rural communities, areas experiencing severe economic distress, and for healthcare facilities, manufacturing businesses, and other high-impact projects combining service-delivery and job creation. In 2015, 24 percent of NMTC activity – over \$800 million – was in America's small towns and rural communities.

## Corporate AMT

**State of play:** The Senate bill restores the AMT rate to 20 percent, which is the same as the corporate income tax rate in both the House and Senate bill.

### Talking points:

- Setting corporate AMT at 20 percent may eliminate or severely curtail NMTC investment because the NMTC cannot be used to reduce corporate or individual AMT.
- Should conferees maintain AMT at 20 percent, they should provide AMT relief to NMTC investors, as is proposed under the NMTC Extension Act of 2017 (S. 384/H.R. 1098).

## Base Erosion

**State of play:** The Senate bill included a Base Erosion and Anti-Abuse Tax (BEAT) provision that inadvertently prevents a significant number of active corporate investors from claiming the NMTC and other similar tax credits.

### Talking points:

- In conference committee, this can be solved permanently by excluding the NMTC and other credits from the BEAT calculation, a fix that was already provided for the R&D credit through 2025.

## Invest in Opportunity: A complementary program, not a replacement for the NMTC

**State of play:** There was some indication over the past few weeks that the House was considering repealing the NMTC and replacing it with the Investing in Opportunity Act (IOA).

### Talking points:

- The IOA was intended as a complementary program. It is not a replacement for the NMTC; and
- IOA is a deferral of capital gains in return for investing in Opportunity Zones designated by Governors. The zones emphasize aggregating population, which may tilt the program toward urban areas. The subsidy value is far less than NMTC, so it will be much more difficult to finance community facilities or projects in high distress and rural areas.



## New NMTC Report Details Major Investment to America's Distressed Communities – 12-8-2017

Today, the New Markets Tax Credit Coalition published a new report on the economic impact of the New Markets Tax Credit (NMTC) from 2003 to 2015. This is the third edition of the NMTC Economic Impact Report, which is authored by Rapoza Associates on behalf of the NMTC Coalition. The report analyzed U.S. Department of Treasury data and survey data from 5,000 projects financed by the Credit.

It shows that in addition to creating more than one million jobs, the NMTC has touched the lives of millions more 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.

- [Coalition press release](#)
- [Download the report](#)

This report will be featured at the upcoming NMTC Coalition Annual Conference next week (read more about the conference later in the email). The NMTC Economic Impact Report author, Paul Anderson, as well as Joe Bateman, author of the Summit Consulting NMTC Report released in August, and Brett Theodos of Urban Institute will offer insight and comments on the NMTC program.

## Tax Reform Update

Today, the president signed a Continuing Resolution (CR) providing a two-week extension of government funding through December 22nd, clearing Congress's plate to focus for the next week or more on reconciling the House and Senate tax bills in a conference committee. As we reported yesterday, the Republicans on the conferee committee include: Representatives Kevin Brady (R-TX), Devin Nunes (R-CA), Peter Roskam (R-IL), Don Young (R-AK), Dianne Black (R-TN), Rob Bishop (R-UT), Fred Upton (R-MI), John Shimkus (R-IL), and Kristi Noem (R-SD) along with Senators Orrin Hatch (R-UT), Mike Enzi (R-WY), Lisa Murkowski (R-AK), John Cornyn (R-TX), John Thune (R-SD), Rob Portman (R-OH), Tim Scott (R-SC), and Pat Toomey (R-PA). The conference committee on H.R. 1 is scheduled to meet on December 13 at 2 pm--this is also when the NMTC Coalition Conference attendees will be on the Hill meeting with their legislators (see more on the lobby day below in the section on the conference). Ways and Means and Finance Committee staff are already negotiating.

House leadership also announced today that the tax reform conference report will not be on the floor next week. There is every expectation that Congress will vote on final tax reform legislation during the week of December 18. This is in advance of voting on another CR, which will likely include a budget agreement increasing defense and domestic discretionary spending, additional appropriations for disaster relief, extension of children's health insurance program (CHIP) and other provisions – several of which may be controversial. For many conservatives, tax reform is the sweetener to get votes on the end of the session CR.

After the conference committees complete their work, the House and Senate must again pass the final tax bill before it can go to the president. We will continue to push for support of the Senate's approach on the NMTC, which keeps the NMTC intact, while also urging conferees to provide AMT relief for NMTC investors. Please contact Republican Representatives and Senators who have supported the NMTC in the past and urge them to make it clear to their leadership and the conferees that the NMTC must not be terminated.

Below is a new fact sheet and contact information for past supporters of NMTC extension bills and sign-on letters. The fact sheet also spells out our position on corporate AMT, which was included in the Senate legislation and could jeopardize the appetite for many tax credits, including the NMTC. **If you've already reached out recently, circle back and use the release of the brand new economic impact report mentioned above as a hook.**

- [New Fact Sheet - Preserve the NMTC](#)
- [Senate contact list](#)
- [House contact list](#)
- [Share the link to the NMTC Economic Impact Report](#)

### Check Out the Agenda for the 2017 NMTC Coalition Annual Conference

Keynotes include Reps. Tom Reed and Richard Neal, Sen. Roy Blunt, CDFI Fund Director Annie Donovan, and Dayton City Commissioner Chris Shaw

The 2017 NMTC Coalition Annual Conference not only offers attendees with the opportunity to hear from industry experts and network, but it will provide time for Capitol Hill visits as Congress works to finalize tax reform legislation. The event will take place on December 13th and 14th in Washington, D.C. at the Hotel Monaco, located at 700 F Street Northwest.

The full [agenda](#) has been posted on the Events page of the Coalition's website. Confirmed keynotes include Senator Roy Blunt (R-MO), Congressman Tom Reed (R-NY), Congressman Richard E. Neal, CDFI Fund Director Annie Donovan and City of Dayton Ohio Commissioner Chris Shaw. The conference also has an exciting line-up of panels with key Treasury and congressional staff, NMTC legal experts and investors, and will feature discussions on the NMTC's role in disaster recovery, and a new report on the economic impact of the credit.

- [REGISTER NOW!](#)

2017 NMTC Coalition Annual Conference Rates:

\$525 (Members Only) Save the most by [joining the NMTC Coalition](#), in addition to other membership benefits!

\$600 (Non-Member)

**Please Note:** All registration fees are non-refundable after December 4, 2017.

### Capitol Hill Visits and Networking Reception

As in the past, the Coalition will provide time for attendees to head to Capitol Hill on December 13th from 2:30 to 5:00 pm to meet with legislators, share our new NMTC Economic Impact Report that will be released that day, and discuss the need for the NMTC to be preserved and extended. Attendees are encouraged to schedule their meetings as soon as possible and share this information with the Coalition via a survey linked below. This information will be used to coordinate with groups of constituents and to follow up after the conference. Finally, the Coalition will be hosting a reception following the Capitol Hill visit portion at the Hotel Monaco from 5:30 to 7:00 pm. Please be sure to share the reception invitation below with you Members of Congress and their staffs.

- [Survey on Capitol Hill meetings that you have scheduled](#)
- [List of House and Senate Tax Staff](#)
- [Reception Invitation for Congress](#)



## Full Conference Committee Appointed, NMTC Threatened – 12-7-2017

The House and Senate are beginning their work to reconcile the differences between their two tax proposals in a conference committee. The House announced the conferees on Monday and the Senate conferees were confirmed last night. The House conferee list, which has changed several times, now includes Representatives Kevin Brady (R-TX), Devin Nunes (R-CA), Peter Roskam (R-IL), Don Young (R-AK), Dianne Black (R-TN), Rob Bishop (R-UT), Fred Upton (R-MI), John Shimkus (R-IL), and Kristi Noem (R-SD); Senators include: Orrin Hatch (R-UT), Chairman of the Senate Finance Committee, Mike Enzi (R-WY), Chairman of the Senate Budget Committee, Lisa Murkowski (R-AK), Chairman of the Senate Energy and Natural Resources Committee, John Cornyn (R-TX), John Thune (R-SD), Rob Portman (R-OH), Tim Scott (R-SC), and Pat Toomey (R-PA).

In anticipation of this next step, the Coalition sent emails to all Senate and House tax staff yesterday with seven key findings from our new NMTC Economic Impact Report that will be released on December 13th at the Annual Conference. We would encourage you all to also reach out to share these new data points. This outreach is critical, as the House terminated the NMTC in the tax bill they passed earlier in November. Further complicating matters, late last week, a rumor surfaced (unconfirmed at this time) that the House may take the position that the NMTC should be repealed and replaced by the [Investing in Opportunity Act \(IOA\)](#) which was included in the Senate bill. The IOA is meant to be complementary to the NMTC, not a replacement for it.

**Our task is to support the Senate bill which keeps the NMTC intact. Please contact Republican Representatives and Senators who have supported the NMTC in the past today if possible. Urge them to make it clear to their leadership and the conferees that the NMTC must not be terminated.**

Below is a new fact sheet and contact information for past supporters of NMTC extension bills and sign-on letters. The fact sheet also spells out our position on corporate AMT, which was included in the Senate legislation and could jeopardize the appetite for many tax credits, including the NMTC.

- [New Fact Sheet - Preserve the NMTC](#)
- [Senate contact list](#)
- [House contact list](#)

## New Data on the Economic Impact of the NMTC

A new report on the economic impact of the New Markets Tax Credit from 2003 to 2015 will be released on Wednesday, December 13th. This is the third edition of the NMTC Economic Impact Report, which is authored by Rapoza Associates on behalf of the NMTC Coalition. Below, please find several key findings our research and analysis of Treasury data and 5,000 NMTC-financed projects:

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, more than enough cover the \$759 million annual cost of the program in 2015 and providing 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 quality of life amenities. 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 has matured, NMTC financing has increasingly gone to rural communities, areas experiencing severe economic distress, for healthcare facilities and manufacturing businesses, as well as other locally driven projects.

### [There's Still Time to Register for the 2017 NMTC Coalition Annual Conference](#)

Keynotes include Reps. Tom Reed and Richard Neal, Sen. Roy Blunt, CDFI Fund Director Annie Donovan, and Dayton City Commissioner Chris Shaw

The 2017 NMTC Coalition Annual Conference not only offers attendees with the opportunity to hear from industry experts and network, but it will provide time for Capitol Hill visits as Congress works to finalize tax reform legislation. The event will take place on December 13th and 14th in Washington, D.C. at the Hotel Monaco, located at 700 F Street Northwest.

The full [agenda](#) has been posted on the Events page of the Coalition's website. Confirmed keynotes include Senator Roy Blunt (R-MO), Congressman Tom Reed (R-NY), Congressman Richard E. Neal, CDFI Fund Director Annie Donovan and City of Dayton Ohio Commissioner Chris Shaw. The conference also

has an exciting line-up of panels with key Treasury and congressional staff, NMTC legal experts and investors, and will feature discussions on the NMTC's role in disaster recovery, and a new report on the economic impact of the credit.

- [REGISTER NOW!](#)

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\$600 (Non-Member)

**Please Note:** All registration fees are non-refundable after December 4, 2017.

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As in the past, the Coalition will provide time for attendees to head to Capitol Hill on December 13th from 2:30 to 5:00 pm to meet with legislators, share our new NMTC Economic Impact Report that will be released that day, and discuss the need for the NMTC to be preserved and extended. Attendees are encouraged to schedule their meetings as soon as possible and share this information with the Coalition via a survey linked below. This information will be used to coordinate with groups of constituents and to follow up after the conference. Finally, the Coalition will be hosting a reception following the Capitol Hill visit portion at the Hotel Monaco from 5:30 to 7:00 pm. Please be sure to share the reception invitation below with you Members of Congress and their staffs.

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## Tax Bill Moves to Conference Committee, NMTC Threatened – 12-4-2017

Early Saturday morning, the Senate passed The Tax Cuts and Jobs Act (S. 1), which would preserve the NMTC through 2019. The next step is for the House and Senate to meet and reconcile the differences



between their two proposals in a conference committee. Today, Speaker Ryan (R-WI) appointed five members of the House as conferees:

- Kevin Brady (R-TX), Devin Nunes (R-CA), Peter Roskam (R-IL), Dianne Black (R-TN), and Kristi Noem (R-SD).

As you will recall, the House terminated the NTMC in the tax bill they passed earlier in November. Further complicating matters, late last week, a rumor surfaced (unconfirmed at this time) that the House may take the position that the NMTC should be repealed and replaced by the [Investing in Opportunity Act \(IOA\)](#) which was included in the Senate bill. The IOA is meant to be complementary to the NMTC, not a replacement for it.

The conference committee will convene soon, and we expect the House to push for its position, which is to terminate the NMTC after 2017. Our task is to support the Senate bill which keeps the NMTC intact.

Please contact Republican Representatives and Senators who have supported the NMTC in the past and ask them to make it clear to their leadership that the NMTC should not be terminated. Below is a new fact sheet and contact information for past supporters of NMTC extension bills and sign-on letters. The fact sheet also spells out our position on corporate AMT, which was included in the Senate legislation and could jeopardize the appetite for many tax credits, including the NMTC.

- [New Fact Sheet - Preserve the NMTC](#)
- [Senate contact list](#)
- [House contact list](#)

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## **Twenty-seven House Republicans Send NMTC/HTC Support Letter to Brady and Ryan – 12-1-2017**

Earlier this week, Congressman Smucker (R-PA) took the lead on a letter urging Speaker Paul Ryan and Chairman Kevin Brady to preserve the Historic Tax Credit (HTC) and make the New Markets Tax Credit (NMTC) permanent. The letter was open to House Republicans and 26 of his colleagues signed on. Here is the full list:

- Don Young (R-AK)
  - Bradley Byrne (R-AL)
  - Ted Yoho (R-FL)
  - Adam Kinzinger (R-IL)
  - Susan Brooks (R-IN)
  - Ralph Abraham (R-LA)
  - Bruce Poliquin (R-ME)
  - Fred Upton (R-MI)
  - Ann Wagner (R-MO)
  - John Fason (R-NY)
  - Steve Chabot (R-OH)
  - Bob Gibbs (R-OH)
  - Bill Johnson (R-OH)
  - David Joyce (R-OH)
  - Steve Stivers (R-OH)
  - Michael Turner (R-OH)
  - Brad Wenstrup (R-OH)
  - Lou Barletta (R-PA)
  - Ryan Costello (R-PA)
  - Brian Fitzpatrick (R-PA)
  - Lloyd Smucker (R-PA)
  - Glenn Thompson (R-PA)
  - Louie Gohmert (R-TX)
  - Barbara Comstock (R-VA)
  - Mike Gallagher (R-WI)
  - Evan Jenkins (R-WV)
  - David McKinley (R-WV)
- [Download the letter](#)

In addition to these members, we also heard from several members of the House who - as a general policy - do not sign letters to leadership, but who privately expressed their support for the NMTC and HTC to Ryan and Brady.

If you have projects in those members' districts, we encourage you to send a quick thank you note.

### NMTC Supporters Speak Out on the Floor of the House and Senate

Many of the NMTC's congressional champions have been visible and outspoken about the importance of the NMTC for communities left out of the economic mainstream. Last night, Senator Blunt spoke in favor of the preservation of both the NMTC and HTC in a floor statement. [Watch.](#)



Below is a partial list of members of the House and Senate who have made detailed statements in favor of the NMTC during the tax debate:

#### House

- Joyce Beatty (D-OH)
- Danny Davis (D-IL)
- Dwight Evans (D-PA)
- Pramila Jayapal (D-WA)

- Dale Kildee (D-MI)
- Terry Sewell (D-AL)
- Brad Wenstrup (R-OH)

### Senate

- Ben Cardin (R-MD) [\[video\]](#)
- Roy Blunt (R-MO) [\[video\]](#)
- Sherrod Brown (D-OH)
- Rob Portman (R-OH)
- Debbie Stabenow (D-OH)

Congressman Danny Davis (D-IL) deserves special recognition. Over the past several years, few - if any - members of Congress have spoken up about the NMTC more often than Congressman Davis. As Congressman Neal put it last week on the House floor, "i yield...to the gentleman from Illinois, Mr. Davis, whose knowledge of New Markets Tax Credits is second to none." Please thank these members for speaking out in favor of the NMTC.

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### Next NMTC Legislative Update on December 1

The NMTC Coalition will hold its next legislative update call on Friday, December 1st at 3pm Eastern. As a reminder, we no longer send Outlook invitations for these calls due to the size of the list. Please be sure to mark your calendar.

Call In Number: 1-866-730-7512; Participant Pin: 640987#