NEW MARKETS TAX CREDIT COALITION

NEW MARKETS TAX CREDIT PROGRESS REPORT

2017

nmtccoalition.org/progress-report

The NMTC Coalition's annual report on loans, investments community impact of the New Markets Tax Credit.

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Rapoza Associates prepared this report for the New Markets Tax Credit Coalition.

The New Markets Tax Credit (NMTC) Coalition is a national membership organization that advocates on behalf of the NMTC program. The Coalition, which now includes more than 150 members, is managed by Rapoza Associates, a public interest lobbying, policy analysis and government relations firm located in Washington, DC. Paul Anderson is the principal author and designer of this report.

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THE 2017 PROGRESS REPORT BY THE NUMBERS

36K
JOBS

Projects financed in 2016 created 36,101 jobs, including:
- 15,718 construction jobs; and
- 20,384 full-time-equivalent jobs.

$3B
TOTAL CAPITAL

CDEs used $1.8 billion in NMTC allocation in 2016 to financed 171 NMTC projects amounting to $3 billion in total project costs.

$1.8B
RAISED ALREADY IN 2017

CDEs are quickly deploying capital from the record $7 billion award round and have already raised and committed $1.8 billion in capital in 2017.

76%
IN SEVERELY DISTRESSED AREAS

Over 76 percent of NMTC projects financed in 2016 were in severely distressed communities far exceeding the statutory requirements for economic distress.

22%
NON-METROPOLITAN COUNTIES

Twenty-two percent of 2016 NMTC projects were located in non-metropolitan counties.

THE 2017 PROGRESS REPORT BY THE NUMBERS

28
HEALTHCARE FACILITIES

In a year when hospitals are closing and healthcare demand is growing, the NMTC financed 28 health clinics, hospitals, and drug treatment centers in 2016.

26
MANUFACTURERS

The NMTC continued to help manufacturing businesses expand to new facilities, purchase cutting edge equipment, and secure working capital in 2016.

15
SCHOOLS

CDEs financed 15 schools in 2016. Over the course of the program, the NMTC has financed construction or renovation of more than 200 schools.

14
FACILITIES FOR YOUTH & FAMILIES

With help from NMTC financing, in 2016 communities added 14 facilities serving low-income families and youth, including Boys & Girls Clubs, daycare centers, and family crisis centers.

11
INCUBATORS

The most noteworthy new trend in 2016 projects was the increased emphasis on the financing of business incubators and shared entrepreneurial space.

PAST NMTC COALITION REPORTS:

**New Markets Tax Credit:
At Work In Communities Across America (December 2016).**
Case studies and success stories.

A Decade of the New Markets Tax Credit: An Economic Impact Report (December 2014).
A macroeconomic analysis of the aggregate impact of the NMTC, 2003-2012.

Note: The cover image on the front of this report depicts the NMTC-financed Bailey Power Plant, the adaptive re-use of a former RJ Reynolds tobacco facility in Winston-Salem, North Carolina. The project, which is projected to create 450 construction jobs and 283 full-time permanent jobs, was financed by U.S. Bancorp Community Development Corporation, Urban Action Community Development, and City First Bank of DC. Tenants of the renovated facility will include an innovation center, university research center, early stage R&D companies, and mixed-use retail and restaurants serving local neighborhoods. Wexford Science & Technology spearheaded the redevelopment of the tobacco facility.

NEW MARKETS TAX CREDIT
PROGRESS REPORT

A report by the New Markets Tax Credit Coalition
June 2017

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Note: Images in the report with a red play button are videos. Click the play button to watch a short clip.

INTRODUCTION

The 2017 New Markets Tax Credit (NMTC) Progress Report was prepared for the NMTC Coalition, a national membership organization of CDEs and investors organized to advocate on behalf of the NMTC. Every year since 2005, the NMTC Coalition surveys Community Development Entities (CDEs) on their work delivering billions of dollars to businesses, creating jobs, and rejuvenating the parts of the country that have been left behind. Our annual NMTC Progress Report presents the findings of the CDE survey and provides policymakers and practitioners with the latest trends and successes of the NMTC.

Eighty-seven CDEs participated in our survey and provided data on their progress raising capital, lending, and investing in 2016 with the NMTC. Survey participants range from large, mission-driven national nonprofits to locally-focused community development organizations.

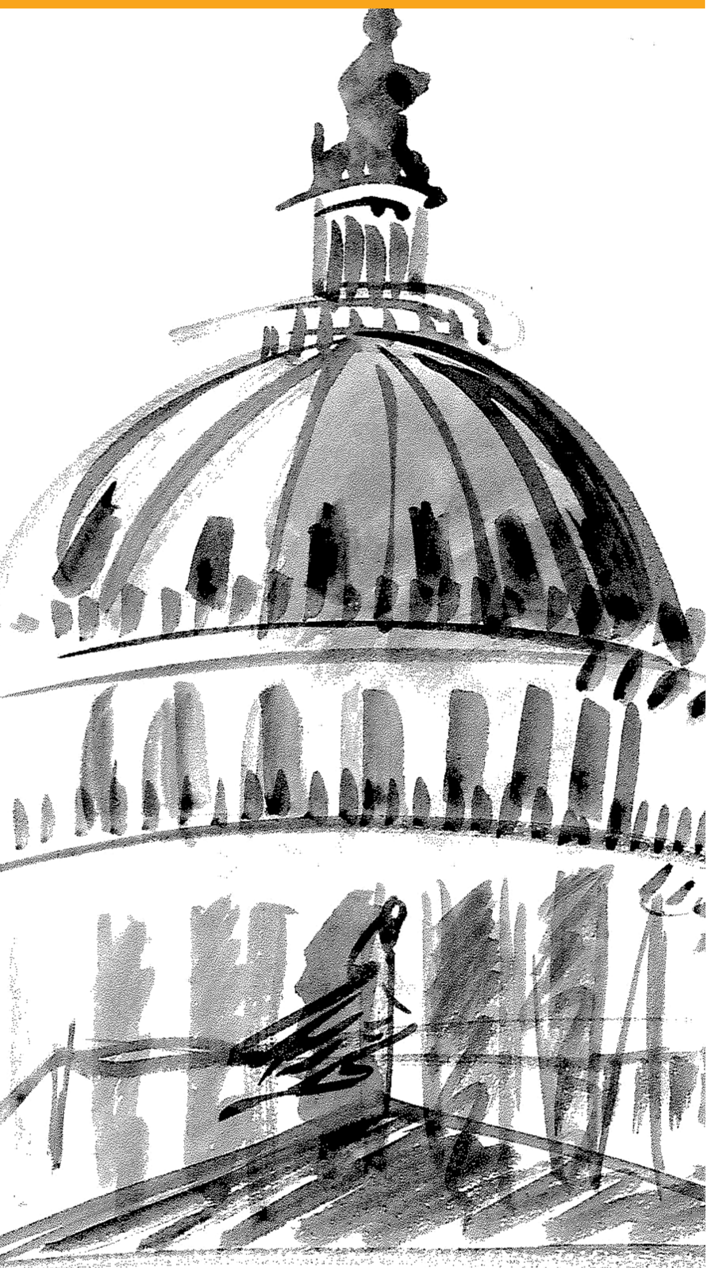
The 2016 survey findings show that competition for credits continues to drive gains in efficiency. When Congress enacted the NMTC, the purpose of the program was simple: to deliver private sector investment to low-income communities. Nearly two decades later, the NMTC has unleashed an unprecedented amount of investment in areas struggling with high unemployment and poverty, but more than that, it has created economic opportunity to every corner of the nation.

— Senator Roy Blunt (R-MO) on the NMTC. Click to play video.

TAX REFORM, AGAIN

— BOB RAPOZA

The spring debate on the health care reform debate may be instructive. After the initial draft failed to make it to the House floor, the bill moved along the political spectrum to gain support from the most conservative members of the House. Could tax reform follow the same process?



Since the Republican Party gained control of House in 2011, there has been great interest in reforming the tax code. In 2013 and 2014 Ways & Means Chairman Dave Camp (R-MI) and Senate Finance Committee Chairman Max Baucus (D-MT) famously embarked on a tax reform tour to hear from businesses, public officials, and taxpayers about the best way to fix the tax code. Their tour included an NMTC-financed bakery located in St. Paul, MN.

In 1994, Congressman Camp produced a draft bill that reduced rates, flattened brackets and simplified the code. The famous Camp Draft reduced the corporate rate to 25 percent. In order to keep the bill revenue neutral, Camp proposed the elimination of a number of business credits and tax expenditures, including the historic rehabilitation tax credit - and included new taxes on certain private financial institutions and high-income taxpayers. Congressman Camp's effort was unpopular with his party to be sure, but it did shine a spotlight on a key obstacle to tax reform: the budget deficit. To meet the standard of deficit neutrality, any effort to transform the tax code that includes substantial reductions in tax rates will almost certainly have to eliminate or curtail a number of credits, deductions, and preferences that have found their way into the tax code since the last major re-write in 1986.

As this report goes to print, the tax reform plans on the table are the "Better Way Blueprint" prepared by House Republicans last summer and the outline released by President Trump in April. Both proposals are not fully-formed tax reform proposals, but each provides a clear signal on the direction and intentions.

Like Rep. Camp, both plans call for simplifying the tax code, reducing tax rates, and flattening the brackets. Much of the attention in the tax reform debate is on corporate tax rates. The White House plan calls for 15 percent corporate tax rate and the House is at 20 percent. Every 1 point reduction in the corporate rates costs about $100 billion in revenue. For example, dropping the corporate rate by 20 points (from 35 percent to 15 percent) will cost $2 trillion. If the new tax rate applies to so-called pass-throughs, the revenue hit would be even greater. The Joint Committee on Taxation (JCT) has not yet made a revenue or cost estimate on the Trump outline or the Blueprint, but others have. The Committee for a Responsible Federal Budget estimates that the overall cost for the Trump plan could exceed $5 trillion over ten years. The Tax Policy Center scored the House Blueprint at revenue loss of $3.1 trillion over ten years.

Thus far, the White House has mostly pointed to greater tax revenue through higher economic growth as the way to offset the cost of the tax framework. The House Blueprint has a more detailed discussion of offsets, including a Border Adjustment Tax (BAT), which raises more than $1 trillion over ten years and the elimination of the interest expense deduction, which raises $1.2 trillion over the next decade. However, neither proposal has gained the support of the Trump Administration. Further, BAT is wildly unpopular in the Senate and real estate interests are opposing the elimination of the interest expense deduction.

The House Blueprint also suggests the elimination of tax expenditures as a possible source for revenue offsets. This is of concern because the NMTC is a tax expenditure. The blueprint describes these credits and preferences, which total over $1.4 trillion annually, as "special interest spending through the tax code" and "crony capitalism."

Unless Congress decides to throw in the towel on deficit-neutral tax reform legislation, the disagreement over offsets is consequential and may limit the size and scope of tax legislation. It is also important for the future of New Markets Tax Credit. Pressure to produce a revenue-neutral bill that meets the overall goals of the Administration and many Republicans in Congress will raise the bar for including other provisions or tax expenditures.

That said, there is substantial bipartisan support for permanent extension and expansion of NMTC. In both the House and Senate, Members of both parties have joined Reps. Pat Tiberi (R-OH), Richard Neal (D-MA), and Tom Reed (R-NY) and Senators Roy Blunt (R-MO) and Ben Cardin (MD) introduced the New Markets Tax Credit Extension Act of 2017 (HR 1098/S 384). The legislation provides a permanent extension of the NMTC, $5 billion in annual credit authority, and relief from the Alternative Minimum Tax for NMTC investments.

There is a long distance to go on tax reform, both in substance and politics. Presently, it appears that much of the late summer, fall, and possibly winter, will be devoted to tax reform. The process seems headed toward budget reconciliation, which allows the Republican majority in the Senate to avoid a filibuster, but also requires a deficit-neutral bill. However, to get to budget reconciliation, Congress must first pass a budget resolution. And then there is health care reform.

The spring debate on the health care reform may be instructive. After the initial draft had failed to make it to the House floor, because of the lack of support, the bill moved to the political right along the political spectrum to gain support from the most conservative members of the House. The Senate is in the initial stages of assembling a bill that may move in a different direction.

Could tax reform follow the same process? Stay tuned.

ABOUT THE NMTC

The federal government's most efficient economic development program

ORIGINS

Congress originally authorized the NMTC as part of a bipartisan effort to jump-start investment and economic growth in low-income urban neighborhoods and rural communities. These areas have experienced a long-term decline, and many have not recovered from the Great Recession. 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 roots of the NMTC can be traced back to Jack Kemp. As a HUD Secretary and as a Congressman, Kemp was a longtime advocate of employing the tax code – rather than government grants – as a market-driven approach to incentivize private sector investment in low-income communities. Beginning with the Tax Reform Act of 1986 (P.L. 99-514), Congress increasingly followed Kemp's lead. The 1986 Act established the Low-income Housing Tax Credit (LIHTC), which is now the nation's largest financier of affordable housing. The Omnibus Reconciliation Act of 1993 (P.L. 103-66) permanently codified the LIHTC and also created Renewal Communities, Empowerment Zones, and Enterprise Communities, programs with defined geographies for revitalization. These programs not only serve to assist individuals and families obtain affordable housing and build and grow small businesses, but they also help promote private sector investments that revitalize local economies.

Building on the success of that model, but recognizing the bluntness of the Zone approach, Congress enacted the Community Renewal Tax Relief Act of 2000. The bipartisan legislation included $25 billion in new authority, including the creation of the New Markets Tax Credit. It authorized $15 billion in NMTC credit authority stretching from 2001 to 2007.

The Community Renewal Tax Relief Act drew support from across the political spectrum, including President Clinton and prominent Republican Members of Congress such as Senator Olympia Snowe (ME), Sen. Rick Santorum (PA), Rep. JC Watts (OK), and then Rep. James Talent (MO). This tradition of bipartisan support for the New Markets Tax Credit continues to this day.

FILLING THE FINANCING GAP

The NMTC provides gap financing, allowing investment to flow to areas underserved by conventional lenders. The basis for the NMTC is that businesses' success depends on access to capital. There are attractive investment opportunities in low-income communities, but the cost and availability of capital in these 'New Markets' is an impediment to economic growth. Investors and firms often lack sufficient data to assess property value or consumer demand in low-income communities, where informal economies distort data. The capital gap deprives businesses of the investment dollars needed to set up shop and expand, and it prevents communities from financing new healthcare facilities, community centers, and cultural amenities.

Fifteen years after the NMTC's creation, the need is as great as ever in low-and moderate-income rural, urban, and native areas under-served by commercial lenders.

The challenges facing Indian Country are illustrative of capital gap facing many poor or distressed communities, though often to a lesser extent. A study by the Office of the Controller of Currency found that residents of Indian Country face challenges securing commercial credit, including "limited access to brick-and-mortar offices of regulated financial institutions; the perception by tribal business enterprises, even those with adequate collateral and good credit histories, that commercial bank financing is difficult to secure; a lack of diversity in funding sources; a lack of equity resources, collateral, and credit history, resulting in commercial credit denials for Indian small business owners."

Later in this report, we examine the need for capital in rural communities in a special section, "NMTC: A Big Deal for Rural America."

THE ROOTS OF THE NMTC CAN ARGUABLY BE TRACED BACK TO FORMER HUD SECRETARY, CONGRESSMAN, AND VICE PRESIDENTIAL CANDIDATE, JACK KEMP.

MACROECONOMIC BENEFITS

By providing a shallow, low-return tax credit to investors, the NMTC allows conventional lenders to venture into new markets, tap into promising business opportunities, and expand their investment footprint. These new investments generate regional macroeconomic effects. According to an analysis of NMTC transactions between 2003 and 2012, 4,000 NMTC projects totaling $63 billion in project costs generated an additional $56 billion in economic activity[1] by inducing consumer spending and supporting businesses down the supply chain.

Meaningful macroeconomic impacts are possible because low-income communities have significant untapped assets, including abandoned facilities and buildings; unmet consumer demand for retail, healthcare, or groceries; and most importantly, millions of Americans eager to get back to work. A large-scale investment in an affluent community is a drop in the bucket, but a $30 million NMTC project in a small town or blighted neighborhood can transform it.

[1] "A Decade of the NMTC". Report by the NMTC Coalition, 2014.

Below: Crosstown Concourse, a mixed-use project anchored by arts, education, and healthcare tenants. The project is projected to create 1,000 construction jobs and at least 800 new permanent jobs in a severely distressed Memphis neighborhood

GAP FINANCING

Imagine a business that wants to expand its facilities with new equipment to meet growing demand. Because of its geographic location, a conventional lender will only provide $12 million of the $15 million project needs (put another way: the cost of capital is too high) because it is located in a community with few local sources of capital. The NMTC fills the gap and makes the expansion possible.

LEGISLATIVE HISTORY

The NMTC has been extended several times since its enactment. To date, Congress has authorized $61 billion in NMTC allocation.

ENACTMENT

$15 billion was made available for 2001-2007 in the Community Renewal and Tax Relief Act (P.L. 106-551).

ALLOCATION INCREASE (2005/06)

An additional $1 billion was authorized for communities hard-hit by Gulf Coast hurricanes in the Gulf Opportunity Zone Act of 2005 (P.L. 109-135).

ONE-YEAR EXTENSION (2008)

In 2006, Congress extended the NMTC for 2008 at $3.5 billion in annual credit authority through the Tax Relief and Health Care Act of 2006 (P.L. 109-432).

ONE-YEAR EXTENSION (2009)

The Emergency Economic Stabilization Act of 2008 (P.L. 110-343) extended the Credit for 2009, again at $3.5 billion in annual credit authority.

ALLOCATION INCREASE (2008/09)

The American Recovery and Reinvestment Act of 2009 (P.L. 111-16), increased credit authority to $5 billion for both 2008 and 2009.

TWO-YEAR EXTENSION (2010/11)

The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (P.L. 111-312) provided a two-year extension of the NMTC (2010 and 2011) at $3.5 billion.

TWO-YEAR EXTENSION (2012/13)

The American Taxpayer Relief Act of 2012 (P.L. 112–240) provided a two-year extension of the NMTC (2012 and 2013) at $3.5 billion.

ONE-YEAR EXTENSION (2014)

The Tax Increase Prevention Act of 2014 (P.L. 113-295) extended the NMTC for 2014 at $3.5 billion.

FIVE-YEAR EXTENSION (2015 - 2019)

The Preventing a Tax Hike (PATH) Act of 2016 (P.L. 114-53) extended the NMTC for five years at $3.5 billion in annual allocation.

The NMTC expires on December 31, 2019. Bipartisan extension legislation – The New Markets Tax Credit Extension Act of 2017 – is pending in both chambers of Congress. Senators Roy Blunt (R-MO) and Ben Cardin (D-MD) introduced legislation in the Senate (S. 384), and Representatives Pat Tiberi (R-OH), Richard Neal (D-MA), and Tom Reed (R-NY) introduced a companion bill the House (H.R. 1098). The legislation provides a permanent authorization for NMTC, increases annual credit authority with inflation adjustments in future years, and exempts NMTC investments from the Alternative Minimum Tax.

Below: Plaza Mariachi in Nashville, TN

New Markets Tax Credit Extension Act of 2017 (H.R. 1098, S. 384)

THE NMTC EXPIRES ON DEC. 31, 2019. BIPARTISAN EXTENSION LEGISLATION - THE NMTC EXTENSION ACT OF 2017 - IS PENDING IN BOTH CHAMBERS OF CONGRESS.

—Congressman Pat. Tiberi [R-OH]

H.R. 1098 Cosponsors

Rep. Bilirakis, Gus M. [R-FL-12]
Rep. Buchanan, Vern [R-FL-16]
Rep. Curbelo, Carlos [R-FL-26]
Rep. Diaz-Balart, Mario [R-FL-25]
Rep. Gibbs, Bob [R-OH-7]
Rep. Harper, Greg [R-MS-3]
Rep. Johnson, Bill [R-OH-6]
Rep. Joyce, David P. [R-OH-14]
Rep. Kelly, Mike [R-PA-3]
Rep. King, Peter [R-NY-2]
Rep. Long, Billy [R-MO-7]
Rep. McKinley, David B. [R-WV-1]
Rep. Meehan, Patrick [R-PA-7]
Rep. Paulsen, Erik [R-MN-3]
Rep. Reed, Tom [R-NY-23]
Rep. Renacci, James B. [R-OH-16]
Rep. Rooney, Thomas J. [R-FL-17]
Rep. Ross, Dennis [R-FL-15]
Rep. Smith, Jason [R-MO-8]
Rep. Smucker, Lloyd [R-PA-16]
Rep. Stivers, Steve [R-OH-15]
Rep. Tiberi, Pat [R-OH-12]
Rep. Turner, Michael R. [R-OH-10]
Rep. Valadao, David G. [R-CA-21]
Rep. Young, Don [R-AK]

Rep. Beatty, Joyce [D-OH-3]
Rep. Blumenauer, Earl [D-OR-3]
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Rep. Cummings, Elijah E. [D-MD-7]
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Rep. Ellison, Keith [D-MN-5]
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Rep. Neal, Richard E. [D-MA-1]
Rep. Norton, Eleanor Holmes [D-DC]
Rep. Pascrell, Bill, Jr. [D-NJ-9]
Rep. Pingree, Chellie [D-ME-1]
Rep. Payne, Donald Jr. [D-NJ-10]
Rep. Price, David E. [D-NC-4]
Rep. Ryan, Tim [D-OH-13]
Rep. Sanchez, Linda T. [D-CA-38]
Rep. Sewell, Terri A. [D-AL-7]
Rep. Thompson, Mike [D-CA-5]

S. 384 Cosponsors

Sen. Blunt, Roy [R-MO]
Sen. Capito, Shelly Moore (R-WV)
Sen. Cochran, Thad [R-MS]
Sen. Portman, Rob (R-OH)
Sen. Wicker, Roger [R-MS]

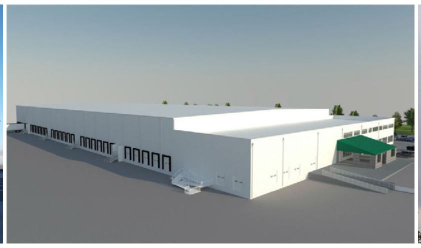
Sen. Cardin, Benjamin L. [D-MD]
Sen. Cantwell, Maria [D-WA]
Sen. Schumer, Charles E. [D-NY]
Sen. Gillibrand, Kirsten E. [D-NY]
Sen. Brown, Sherrod (D-OH)
Sen. Stabenow, Debbie (D-MI)

SPRING 2017 UPDATE

CDEs are busy deploying $7 billion in NMTC allocation awarded late last year

Late last year, the CDFI Fund awarded $7 billion in NMTC allocation. CDEs signed allocation agreements with the CDFI Fund in February of 2017, allowing them to proceed in deploying NMTC Allocation to across the country at a staggering pace. Through April 30, 2017, in just two months, CDEs have already deployed $1.1 billion to capital-starved communities. Below are a few examples of projects already publicly announced in 2017:

YMCA of Greater Louisville
A new facility in Louisville, KY combining healthcare with a fitness facility.



Whole Foods Distribution Center
Creating up to 150 jobs in Pullman, IL

Menlo Park Tech Academy
Rehabilitation of an abandoned garment factory and warehouse into a school

Molokai Land Trust
Construction of a new HQ and educational facility in Kaunakakaki, HI

Flint Kids Learn
An early childhood learning center for kids impacted by lead exposure in Flint, MI

Benson Woodworking
Expansion of a timber frame and building prefabrication company in Keene, NH

South Coast Marketplace
A mixed-use project that is projected to create hundreds of jobs in Fall River, MA

Big Brothers Big Sisters

Northland Community Center
A new community facility combining Meals on Wheels, Big Brothers Big Sisters, and more in Lafayette, IN

Chroma Technologies, Inc.
Expansion of a Bellows Falls, VT manufacturer of optical lenses

IN MARCH AND APRIL OF 2017, NMTC ALLOCATION AWARD RECIPIENTS DEPLOYED $1.1 BILLION TO CAPITAL-STARVED COMMUNITIES.

"The New Markets Tax Credit is a proven vehicle that spurs private development, creates good paying jobs and increases economic opportunity."
-U.S. Senator Steve Daines (R-MT), above, during an April 2017 tour of the corporate headquarters of Universal Athletic Services, which was financed by the NMTC in 2015.

Learn more about the $7 billion award round.

- CDFI Fund Director Annie Donovan, commenting on the recent $7 billion allocation award.

HOW IT WORKS

The New Markets Tax Credit is a shallow, "place-based," gap financing tool designed to jump-start the economy of towns like Graniteville, SC, a rural town that suffered a devastating train derailment in 2004, but has since received millions from the NMTC. Unlike programs that subsidize a specific economic activity, such as the creation of affordable housing, the NMTC is designed to deliver capital to narrowly defined geographic locations: underserved census tracts that meet mandated criteria of economic distress.

Below: the interior of Detroit's Wurlitzer building before its restoration

KEY TERMS

COMMUNITY DEVELOPMENT ENTITY (CDE)

In order to deliver capital to underserved "new markets," the NMTC authorizing statute created a new category of investment intermediary, Community Development Entities (CDEs). A CDE must be a domestic corporation, have a demonstrated mission of serving or providing capital to low-income communities or people, and maintain accountability to residents of low-income communities through representation on a governing or advisory board to the CDE. Most CDEs are affiliates of mission-driven organizations like Community Development Financial Institutions, for-profit entities, government entities, or private financial institutions. CDEs put together a business plan to finance high impact businesses and revitalization projects in low-income areas and apply for allocation to the CDFI Fund.

QUALIFIED EQUITY INVESTMENT

Private investors make Qualified Equity Investments (QEIs) into CDEs. CDEs take the proceeds and invest them in businesses and revitalization projects in low-income communities. Investors (typically regulated financial institutions) receive a federal tax credit of 39 percent taken over seven years (five percent years one through four and six percent years five through seven). Because the investment is taxable and is taken over seven years, the net cost to the federal government of each dollar of NMTC allocation is about 26 cents.

KEY TERMS

QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS (QALICB)

QALICBs are the end beneficiaries of the NMTC who receive gap-financing to expand their business, build a new school, or stay competitive. To qualify as a QALICB, a business must be located in a low-income community, in addition to conducting business and deriving at least 50 percent of its income in a low-income community. Examples of QALICBs are a health clinic, a steel fabrication plant, a developer of real estate, and a homeless shelter.

BUT-FOR TEST

It is not a statutory requirement, but nevertheless, CDEs screen each project with a "but-for" test to ensure whether the NMTC is truly necessary for the project to move forward. The "but-for" test limits the amount of NMTC-generated financing to the amount necessary for financial feasibility. The NMTC typically provides "last-in" gap financing, meaning it is the last financing secured to make a project viable. CDEs and investors evaluate the sources and uses of available capital, the business plan of the enterprise in question, and its impact on the low-income community in order to determine how much NMTC financing is needed to complete the project and maximize community impact.

If additional subsidies are not needed, the project will not receive NMTC financing. Only after all the financing from other sources is committed, and the impact is clear, does a CDE commit to providing NMTC financing.

FAST FACTS:

INELIGIBLE USES

The NMTC is a very flexible incentive. It can finance a variety of projects, from broadband in remote Alaska to a YMCA in downtown Los Angeles. But not all businesses are eligible. CDEs cannot finance: commercial golf courses; country clubs; massage parlors; hot tub facilities; suntan facilities; racetrack or other facility used for gambling; or liquor stores. Certain agricultural activities are ineligible.

RURAL VS URBAN

A 2004 amendment to the NMTC statute requires the CDFI Fund to ensure a proportional share of NMTC allocation to non-metropolitan counties.

USE WITH OTHER FEDERAL CREDITS

The NMTC cannot be "twinned" with the Low-Income Housing Tax Credit but may be combined with other federal credits.

VALUE TO TAXPAYERS

For every dollar of revenue forgone by the federal government, the NMTC generates an additional eight dollars.

INFLATION ADJUSTMENT

The NMTC allocation amount is not adjusted for inflation. The NMTC Extension Act of 2017 would add an inflation adjustment, bringing it in parity with LIHTC.

HOW IT WORKS

Click the arrow to the left to watch our "How It Works" video.

PROJECT SELECTION

At least 85 percent of CDEs' investments must be targeted to the low-income service area identified by the CDE, but there is significant flexibility in the types of businesses and development activities that NMTC investments can support – including community facilities like childcare or healthcare facilities and charter schools, manufacturing facilities, equipment or facilities for nonprofits and businesses, and homeownership projects through Habitat for Humanity. Specific examples of businesses financed through the NMTC include a pet food manufacturer, a manufacturer of biofuels, community center, a high-tech business incubator, daycare center, a mixed-use redevelopment project, and a hospital expansion.

CDEs choose projects that maximize community benefit. Regardless of whether a CDE is a mission-driven organization or the community development arm of a bank, they have a vested interest in stretching each dollar of NMTC to achieve the maximum community benefits. The competitive allocation process awards CDEs that can document significant community impacts, including job creation, added amenities, and benefits to low-income families.

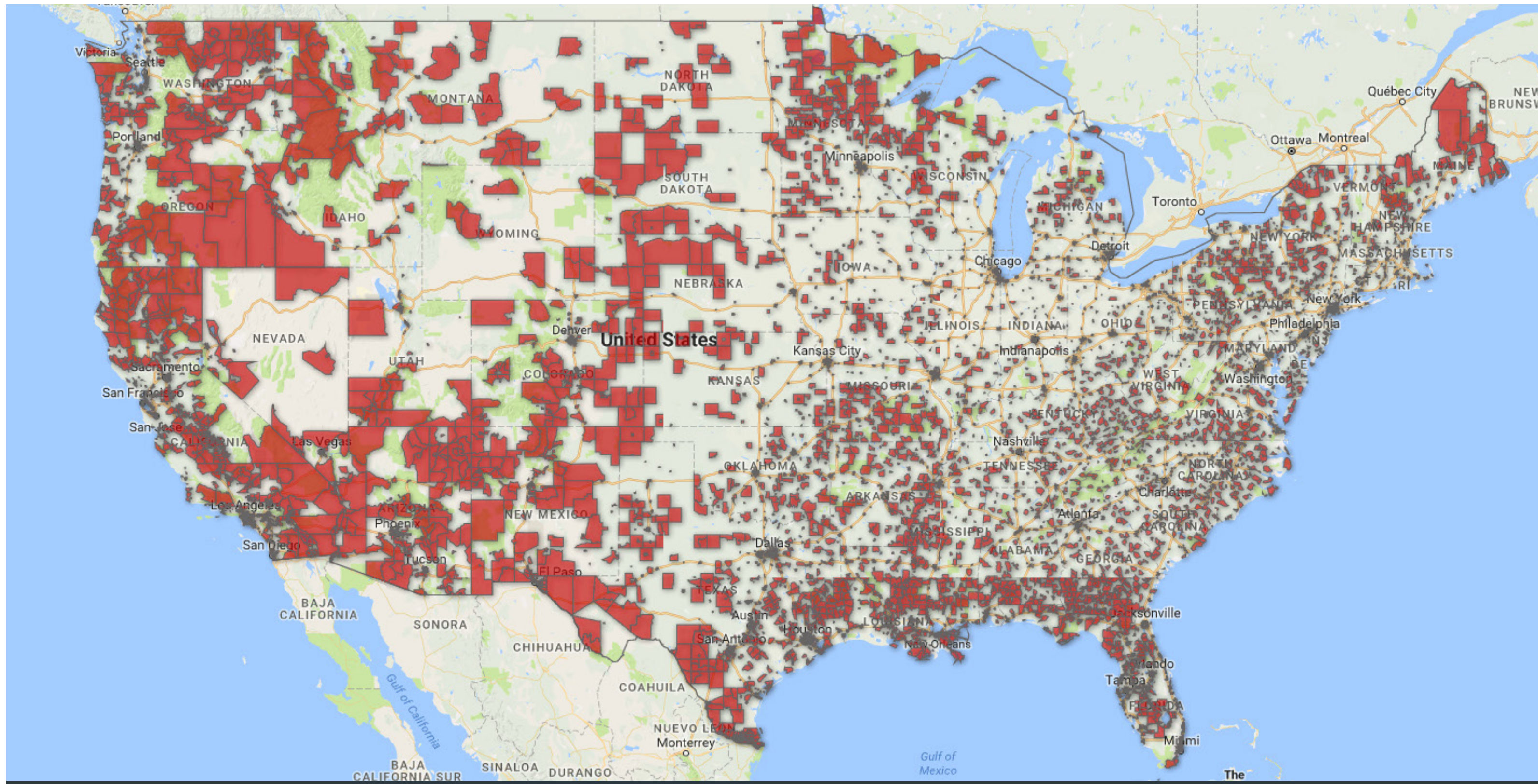
APPLICATION & OVERSIGHT

CDEs must be certified by the Community Development Financial Institutions (CDFI) Fund of Treasury, the administering agency for the NMTC. Once certified, a CDE may apply to the CDFI Fund for NMTC allocation.

Applications for allocation are scored by the CDFI Fund in four areas: community impact, business strategy, capitalization strategy, and management capacity. Throughout the history of the NMTC, demand for credits has exceeded the authorized amount by nearly eight to one. CDEs requested $319 billion in allocation authority between 2003 and 2016 while the CDFI Fund made $50.6 billion in allocation available. The historic success rate of applications for credits is less than 25 percent.

The CDFI Fund looks for applicants with a track record making loans and equity investments in under-served communities, either with previous NMTC allocations or through conventional lending. It also provides a small preference for applicants that promise to undertake "innovative activities" or to invest in areas under-served by previous NMTC allocation awards.

ELIGIBLE CENSUS TRACTS, CONTINENTAL UNITED STATES



The application provides a slight preference to the ten underserved states that have historically received the lowest share of NMTC investment. There is some anecdotal evidence that the CDFI Fund's effort to drive allocation to new states has succeeded.

For example, Nebraska was listed as an under-served state up until 2015. Between 2003 and 2012, there were four NMTC projects in the Cornhusker state. Between 2013 and 2016, an additional 20 projects were completed in Nebraska. Intense competition for NMTC allocation allows the CDFI Fund to make minor course corrections in the targeting of allocation using small tweaks to the allocation application.

The CDFI Fund monitors compliance once credits are awarded, and the Internal Revenue Service issues guidance on NMTC investments and monitors taxpayer compliance. Allocatees must provide the CDFI Fund with nearly 200 data points on each NMTC transaction, including data on the location of loans and investments, jobs created and other community impact metrics, interest rates and financial products, and more.

ELIGIBLE COMMUNITIES

NMTC projects must be in census tracts with one or more of the following characteristics:

- *Poverty rates of at least 20 percent; or*
- *Median incomes at or below 60 percent of the area median income.*
- *In addition, a handful of rural, high migration census tracts are designated as eligible by the CDFI Fund.*
- *Certain low population tracts that fail to meet the poverty or income requirements but are adjacent to NMTC-eligible tracts and located within an Empowerment Zone are also eligible. For example, an abandoned industrial site with a population of zero might qualify.*

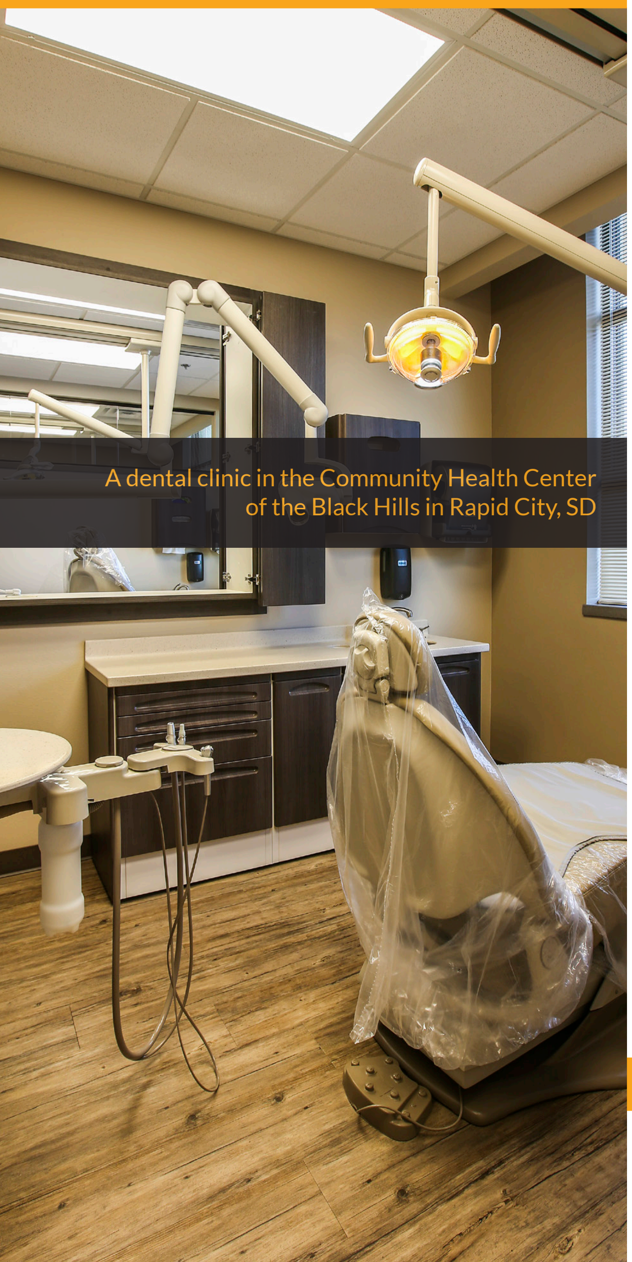
There are over 70,000 census tracts in America, and less than 40 percent of those tracts qualify for the NMTC. Moreover, more than 72 percent of NMTC allocation is targeted to the poorest 22,000 census tracts.

Above: Areas in red are eligible for NMTC investments.

THE SURVEY OF 2016 ACTIVITY

— INCUBATORS, SMALL BUSINESS LOAN FUNDS, MAIN STREET TOURISM, HEALTH CLINICS, MANUFACTURING, SCHOOLS, AND ROBOTS (?!)

Every winter, the NMTC Coalition surveys all CDEs that have won NMTC allocation - past and present - on their loans, investments, and financial services, and the creative ways in which they continue to outdo each other in with their NMTC projects.



A dental clinic in the Community Health Center of the Black Hills in Rapid City, SD

2016 PROJECTS AT A GLANCE

A quick glance at the spreadsheet containing the Coalition's survey data tells the story of New Markets. The first several projects are as follows:

- Equipment financing to remediate and recover metals from an old auto scrapyard on the EPAs to-do list.
- A small loan to a Greendale, IN candy manufacturer.
- An even smaller loan to help an Indio, CA ice cream distributor purchase a new warehouse.
- NMTC financing totaling $17 million to construct a $90 million sawmill and lumber factory in Newton, MS.
- Historic renovation of a long-abandoned tobacco mill into a mixed-used facility featuring a biotech innovation space, offices, entertainment, and restaurant space bringing 500 quality jobs to Winston Salem, NC.
- A homeless shelter in Brooklyn.
- A hospice care center in Abilene, TX.
- Four new community centers in Oklahoma Indian Country.
- A light manufacturing tech-incubator with a variety of tenants, including a robotics company.

And the list goes on and on.

SURVEY RESPONDENTS REPRESENTED A SUBSTANTIAL SHARE (80%) OF THE ACTIVITY IN THE PROGRAM IN 2016.

Maybe it was the breathing room provided by the five-year NMTC extension enacted in December of 2015, or maybe it is the stiff competition for NMTC allocation, but last year's crop of NMTC projects bests any previous year.

THE SURVEY OF 2016 NMTC ACTIVITY

The Coalition's annual survey asks CDEs to report on the deployment of their allocation, investor trends, and a variety of community impact metrics. The findings fairly clearly demonstrate that the NMTC continues to deliver capital community left behind by the changing economy. More over, the program is delivering more bang for the buck for taxpayers in terms of the jobs, amenities, community facilities, and tax revenue it generates.

A total of 87 CDEs responded to this year's survey. Survey respondents have received a total of $26 billion in NMTC allocations throughout the course of the program--or over 50 percent of allocation awarded since the credit's implementation in 2003. In 2016, these CDEs deployed $1.9 billion in financing to 171 projects. Nationwide, CDEs deployed about $2.4 billion in NMTC allocation in 2016. As such, these CDEs represent a substantial share (80%) of the activity in the program in 2016.

When applying for an allocation, CDEs must identify their target market as local, statewide, multi-state, or national. National CDEs comprised over a third of survey respondents. These organizations constituted the largest share of capital raised ($700 million out of $1.9 billion), and more than 40 percent of the financing dollars (QLICIs).

SURVEY OF 2016 ACTIVITY: INVESTOR TRENDS

THE LEVERAGE STRUCTURE

Nearly all NMTC investments involve the "leverage structure," which helps deliver more capital to qualified businesses than might be offered through a direct equity investment. In the leverage structure, an intermediary entity, typically called the "investment fund," structured as an LLC or partnership, can receive equity investments from NMTC investors (usually regulated financial institutions) as well as debt from other sources. All of the investment fund's proceeds (debt and equity) are then invested as a QEI into the CDE. In return, the CDE then passes the federal tax credits to the Investment Fund (its QEI investor), which, as a flow-through entity, provides the entire tax credit up the chain to its equity investor. In 2016, all qualified equity investments reported by survey respondents utilized the leverage structure.

When a CDE and a business work to finance an NMTC project, they must secure an equity investor and sources of debt. Generally, qualified equity investments include about 30 percent equity (almost always a financial institution) and 70 percent debt (aggregated from a variety of sources). In 2016, survey respondents reported a 32 percent share of equity and 68 percent share of debt.

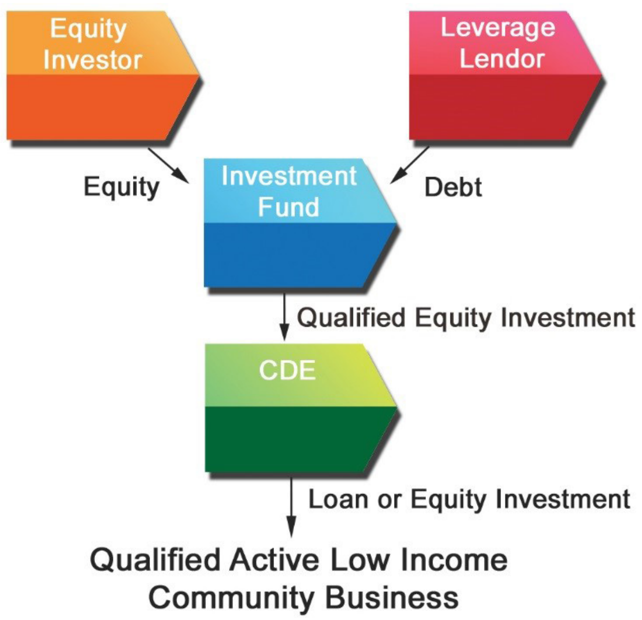
SOURCES OF EQUITY

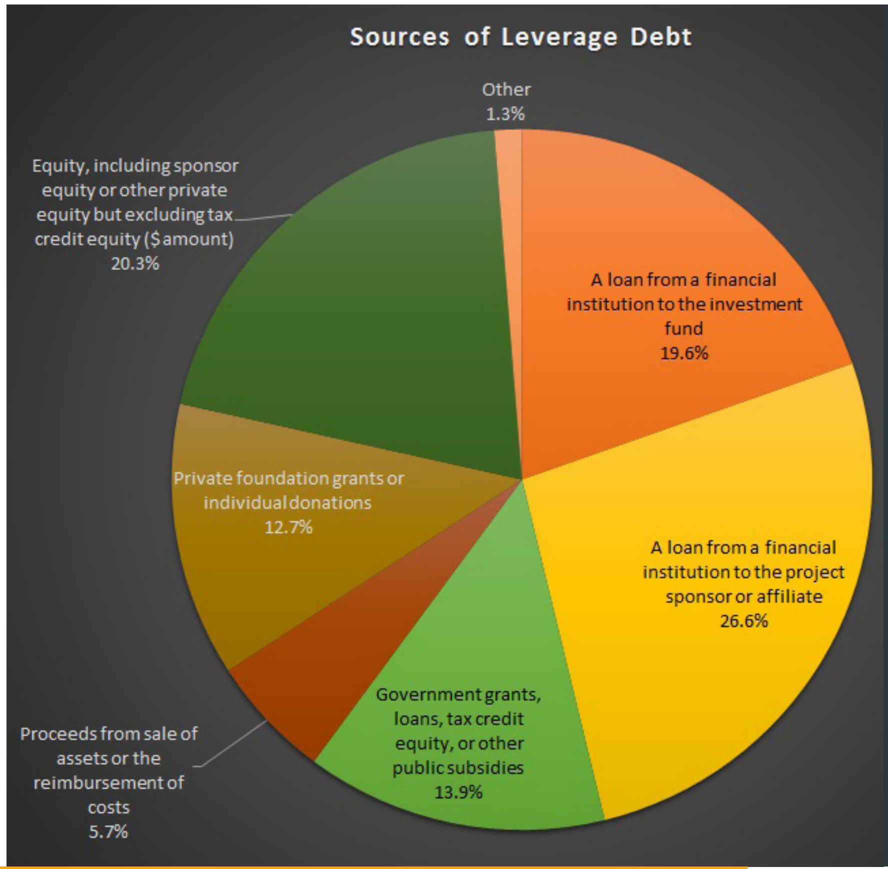
Regulated financial institutions have historically provided a majority of the equity for NMTC transactions, and 2016 was no exception. Ninety-nine percent of equity investments into the investment fund came from regulated financial institutions. The balance came from an unregulated financial institution (0.6%).

NMTC equity investors receive minimal returns. Most are motivated by Community Reinvestment Act requirements, philanthropic interest in a project, or an interest in expanding their footprint into new markets.

SOURCES OF DEBT

The survey found that the investment fund aggregated a variety of sources of leveraged debt, from government grants to conventional loans. Most debt (46 percent) was provided by financial institutions through either a direct loan into the investment fund (19.6 percent) or a loan through an intermediary (often called a project sponsor or affiliate) into the investment fund (26.6 percent). Owner equity was the second most common source of leveraged debt (20.3 percent). See chart on the next page.





INVESTOR MOTIVATION

Returns for NMTC investors are low. The following factors motivate investors:

1. Compliance with the Community Reinvestment Act (CRA). Most NMTC investors are private financial institutions and receive credit for investing in low-income census tracts, as defined by CRA;
2. A low risk, low return investment. NMTC investors typically receive an annual return of between 3 and 5 percent over 7 years;
3. A commercial interest in moving into new communities that are eligible under NMTC;
4. Supporting existing customers and bolstering an under-performing market in the bank's footprint; and
5. Corporate Social Responsibility priorities.

"NMTC pricing has held up strongly despite uncertainty over tax reform. Investor demand has also continued to be strong. No new 'types' of investors have entered the market to our knowledge as it is overwhelmingly banks who purchase the credits. We have heard of several financial institutions who intend to apply in Round 14 for the first time as the interest in NMTC's grows within the banking industry for CRA purposes."
-Survey respondent

CREDIT PRICING TRENDS

When NMTC investors pay a higher price in exchange for the Credit, more benefit flows to the low-income community business. The Coalition asked survey respondents to report the average price investors paid in exchange for the NMTC. Respondents reported pricing ranging between 82 cents and 89 cents, and the average price was 86.2 cents, up from 84.1 cents in 2015.

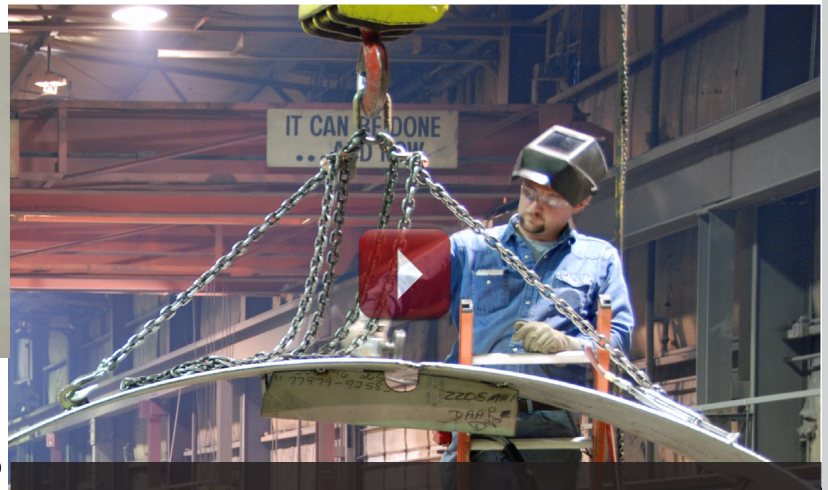
Pricing has improved dramatically since the end of the Great Recession and the general trend has been positive as investor familiarity and competition for the NMTC increased.


Timberlands and forestry are a significant part of the NMTC program.

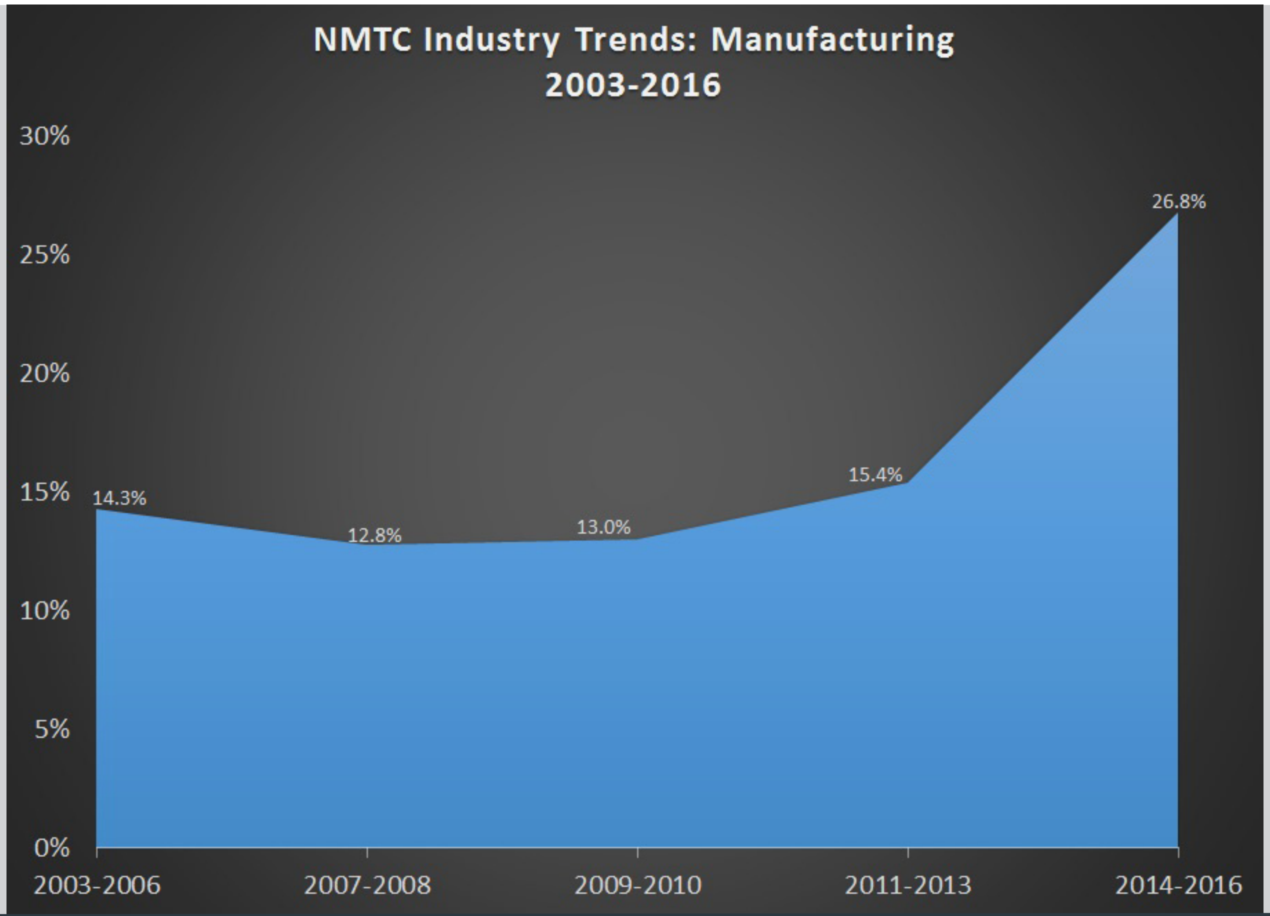
SURVEY OF 2016 ACTIVITY: INDUSTRY TRENDS

Over the course of the program, the growth of manufacturing investments and the shift away from retail and general commercial real estate is the clearest trend.

Above: Westervelt Pellets, a NMTC success story. Click to play a video profiling the project.



Mason Manufacturing, a manufacturer of heat exchanges, dryers, and vessels, received $12.05 million in NMTC financing in 2010.



2003 - 2006 →

THE EARLY YEARS

The first NMTC projects closed in 2003. In the early years, most projects were in urban areas. Many CDEs worked to address the problem of under-retailed urban cores. Top projects:

- Retail/service sector (14.5%)
- Manufacturing (14.3%)
- Mixed-use: 10.3%
- Commercial office space: 10.3%

2007 - 2008 →

KATRINA & THE RUN-UP TO COLLAPSE

An emergency supplemental added $1 billion for relief in disaster-affected areas, making Louisiana one of the top states for the NMTC. Rural investment began to grow after a 2004 statute change targeting non-metro counties. Top projects:

- Retail/service sector(13.7%)
- Manufacturing (12.8%)
- Healthcare (10.1%)
- Mixed-use (10.0%)

2009 - 2010 →

THE GREAT RECESSION

Congress increased allocation by $1.5 billion in 2008 and 2009 in response to the economic collapse. Investment shifted toward areas of higher distress & focused more on triaging communities:

- Manufacturing (13.0%)
- Healthcare (10.8%)
- Education/youth: (10.8%)
- Social service providers (10.7%)

2011 - 2013 →

SHIFTING AWAY FROM RETAIL

In the early 2010s, the share of retail projects shrunk to 4.6% of all projects. The following were the top sectors:

- Manufacturing (15.4%)
- Social services (13.5%)
- Healthcare (13.4%)
- Mixed-use (9.1%)

2014 - 2016 →

THE RETURN OF MANUFACTURING?

Recently, the program shifted sharply toward the financing of manufacturing and industrial projects, including an increase in food manufacturing. Healthcare projects were is also on the rise.

- Manufacturing (26.8%)
- Healthcare (14.6%)
- Education/youth (10.6%)
- Mixed-use (10.5%)

TOWARD THE FUTURE

Treasury awarded $7 billion in NMTC allocation in the fall of 2016, and as this report goes to press, CDEs are busy financing hundreds of projects across the country. With the retail economy collapsing and the service and leisure sectors booming in early 2017, can CDEs help workers transition?

SURVEY OF 2016 ACTIVITY: INDUSTRY TRENDS

The NMTC's flexibility allows communities to respond to emerging challenges, like the opioid crisis or increased demand on our healthcare system.

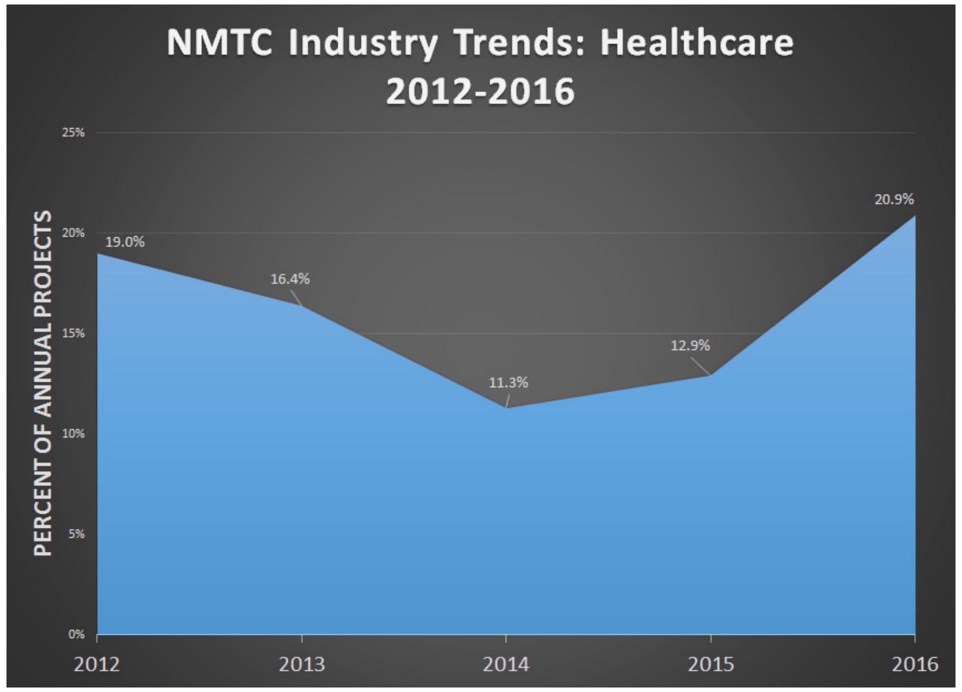
INCREASING HEALTHCARE ACCESS

Unsurprisingly, many low-income communities suffer from poor health outcomes and lack access to healthcare providers. According to a recent study on the association between life expectancy and income, the richest one-percent lives about 15 years longer than the poorest one-percent. These problems have only become more acute with the recent trends of urban core hospitals moving to affluent suburbs and rural community hospitals closing.

Meanwhile, some are calling the opioid epidemic sweeping across the country, America's most devastating health crisis in modern times. In 2015, according to the Center for Disease Control, 52,204 people died of opioid-related overdoses, which is more deaths than at the height of the AIDS epidemic in 1995. A recent University of Georgia study found that low-income Americans are much more likely to live in a county without an opioid treatment center.

Collectively, these challenges put great stress on our healthcare system, from first responders to safety-net hospitals. The NMTC has been an important financing solution for communities looking to expand access to healthcare.

In 2016, survey respondents financed 28 healthcare facilities, including 3 drug treatment facilities and 2 additional clinics specializing in behavioral health and addiction. While one year is not necessarily a trend, it is reasonable to expect continued growth in healthcare financing in 2017, as CDEs help communities grapple with the growing public health crisis. President Trump recently announced a new commission on the opioid crisis. Notably, many of the rural communities hardest hit by overdoses supported the president in his election victory.



Central Florida Health Care, an FQHC, used the NMTC to expand at 4 locations and serve 30,000 additional patients

Heartland Health Centers (Devon) in Rodgers Park, IL

The High Point Treatment Center in Bedford, MA provides addiction treatment to women

SURVEY OF 2016 ACTIVITY: INDUSTRY TRENDS

Fueling economic innovation with incubators, shared or creative office space, and makerspaces.

INCUBATORS INCREASINGLY ATTRACTIVE TO SURVEY RESPONDENTS

Perhaps the most noteworthy trend in 2016 NMTC project selection was the increase in the financing of incubators, shared or creative office space, "Makerspaces," and other physical infrastructure supporting entrepreneurs in the new economy. Eleven NMTC projects (6.4 percent) included one of more of those components. CDEs were asked to report on their preliminary 2017 pipeline, and four additional incubators were planned this year.

Examples of incubators financed in 2016 include:

A kitchen incubator combined with construction of single family for-sale housing in Louisville, KY.
100 full-time equivalent jobs & 30 construction jobs.
Rehabilitation of a building for an 11,000 square-foot commercial kitchen incubator space and the construction of 25 for-sale single family homes each averaging 1,300 square feet.

Re-imagining of a vacant manufacturing facility in South Bend, IN
634 full-time equivalent jobs, 131 construction jobs.
Adaptive reuse of a former Studebaker automobile manufacturing facility (built between 1923 and 1946) into office, education, incubator, advanced manufacturing and training space.

The Rail and Commerce Building in Omaha, NE
347 full-time-equivalent jobs created, 4 full-time equivalent jobs retained, 100 construction jobs.
Conversion of a 1925 former US Postal Service Railway Mail Service sorting facility into a small business incubator, a retail restaurant, offices, and on-site parking for guests.

The Southwest Florida Regional Technology Hub
35 full-time-equivalent jobs, 100 construction jobs.
Rehab and restoration of 21,400 square foot building and construction of 10,000 square foot building for a collaboration space and technology hub.

COMING IN 2017:

THE HIGHLANDER ACCELERATOR

37 full-time-equivalent jobs and 100 construction jobs

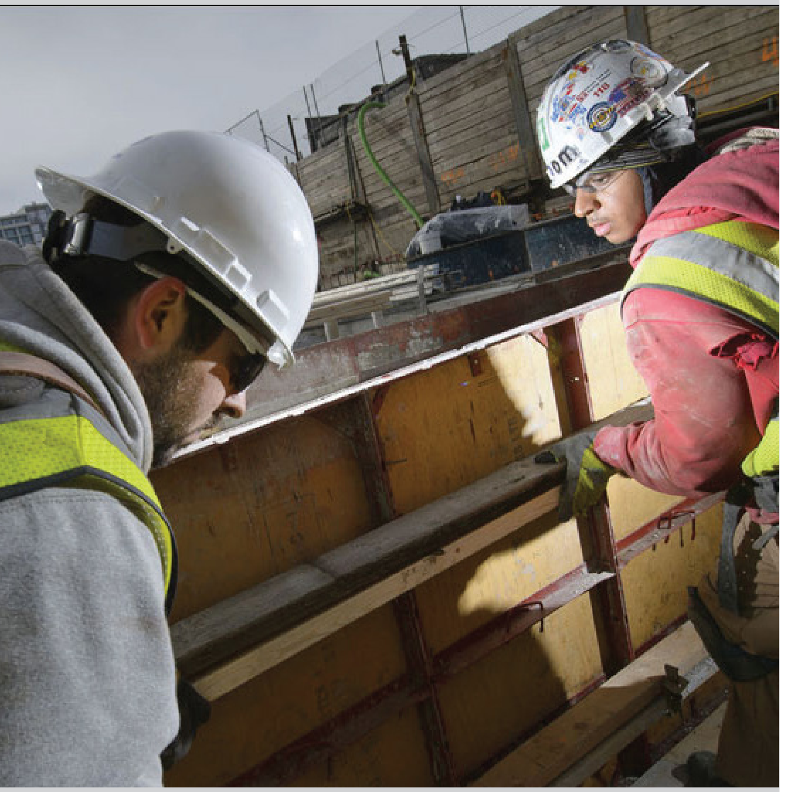
Investor: Chase
NMTC Allocatees: Dakotas America, Chase New Markets Corporation, RBC Community Development, LLC

The Highlander Accelerator in Omaha, Nebraska, will rejuvenate the blighted former site of a failed 23-acre public housing complex demolished in 2009.

The Accelerator offers rents 50 percent below the market rate to facilitate a carefully selected mix of nonprofit and commercial tenants that maximize impact on the educational opportunities, health, and well-being of disadvantaged neighborhood residents. The facility includes over 17,500 SF for Whispering Roots (right), a nonprofit aquaponics organization that will produce fish and leafy greens in a high-tech "closed loop" system.

The Highlander Accelerator in Omaha, NE (below and above)

SURVEY OF 2016 ACTIVITY: COMMUNITY IMPACT



Above: JCP construction of Milwaukee, WI, financed through a small business loan fund

144 out of 171 projects (84%) involved construction or renovation, and those projects created 15,718 construction jobs.

In terms of full-time, permanent positions, manufacturing and healthcare led the way in 2016, accounting for a total of 7,529 jobs.

The primary purpose of the NMTC is to provide communities with the patient, flexible capital they need to create jobs and improve communities. Because of the NMTC's flexibility, community impacts are diverse and wide-ranging.

EMPLOYMENT IMPACTS

Job collection methods vary from CDE to CDE. Most use some combination of interviews with the business, economic modeling, and industry benchmarks. The CDFI Fund requires award recipients to report the jobs created or retained by NMTC investments.

Survey respondents reported on full-time-equivalent (FTE) jobs (permanent jobs contributing to the operation of a business) and construction jobs (FTE positions related to the construction or renovation of real estate). Respondents reported creating or retaining 20,384 full-time jobs and 15,718 construction jobs in 2016, for a total of 36,101 jobs.

"The New Markets Tax Credit (NMTC) has generated billions in capital, driving business and jobs growth in communities that need it most. In Massachusetts, this highly successful initiative has helped spur development from the Berkshires to Boston. In Holyoke, the NMTC-financed Massachusetts Green High-Performance Computing Center created 13 jobs at the center, and more than 130 research and research-related jobs at the universities."

-Congressman Richard E. Neal (D-MA)

FULL-TIME JOBS BY INDUSTRY

Jobs were categorized by operational industry. The jobs described below are permanent full-time-equivalent positions.

3,840 Manufacturing, industrial	3,689 Healthcare	2,011 Mixed-use	1,839 Retail, service sector	1,217 Incubators
1,149 Research, technology	919 Education	728 Grocery	659 Social services	554 Arts, culture, recreation
522 Hospitality	487 Warehouse, wholesalers	360 Eldercare, nursing homes	325 Youth services, daycare centers	321 Transportation
285 Timber, forestry	261 Family services		172 Domestic violence shelters	435 Other industries

20,384 full-time equivalent jobs generated by survey respondents in 2016

SURVEY OF 2016 ACTIVITY: COMMUNITY IMPACT

Senator Pat Roberts (R-KS) visits the NMTC-financed [Children's Campus of Greater Kansas City.](#)

More than 60 percent of projects reported by survey respondents involved a community facility component, including schools, healthcare centers, theaters, nonprofit office space, and grocery stores.

NMTC PROJECTS: A BOON FOR LOW-INCOME COMMUNITY RESIDENTS

Beyond financing businesses, a significant proportion of NMTC allocation goes to toward projects that enhance the quality of life for low-income community residents, including community facilities, healthcare facilities, nursing homes, and other nonprofit service providers.

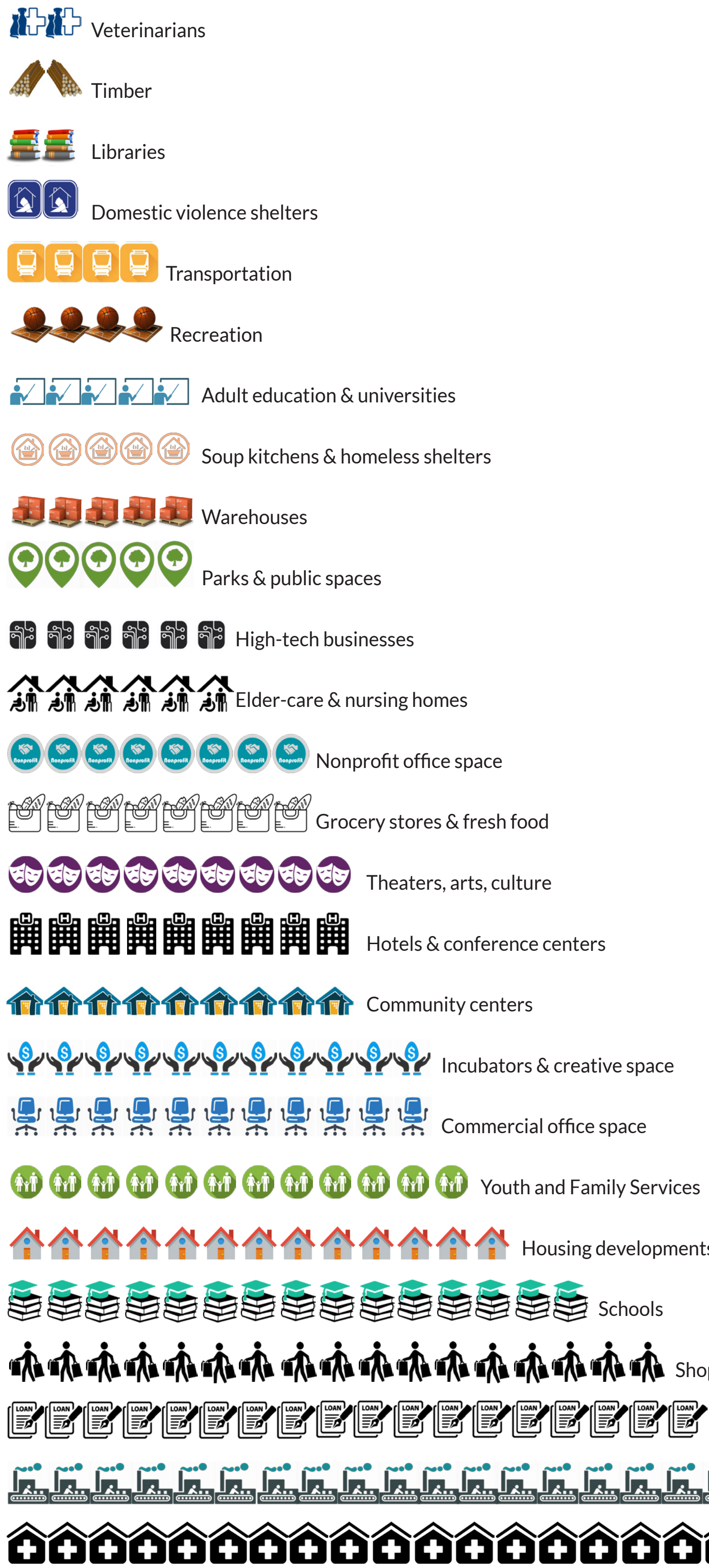
Because of a dearth of available capital, residents of low-income communities often lack adequate access to fresh food, state of the art healthcare facilities, or cultural amenities that more affluent communities take for granted, including performing arts centers and theaters. Nonprofit service providers in under-served communities face tremendous difficulties in securing the capital needed to secure affordable office space or expand to serve more residents. Many NMTC projects involve the provision of low or below-market rent to nonprofits in buildings constructed or renovated.

More than 60 percent of projects reported by survey respondents involved a community facility component, including schools, healthcare centers, theaters, nonprofit office space, and grocery stores. This is a significant increase over previous surveys.

"We care about making sure smaller cities and rural areas, like the areas we represent, have access to the capital and investments necessary for their community and residents to thrive. It's only fair they have access to the resources they need and the NMTC is helping to fill this gap. Look no further than Hornell, New York to see the real and positive impacts this program can have right here in our backyard. With the support of local residents and businesses, the Y conducted a successful fundraising campaign, but they were still nearly $2 million short of the total project cost of $6.2 million. NMTC financing filled the gap, making the new facility a reality."

-Congressman Tom Reed (R-NY)

AMENITIES, BUSINESSES, & FACILITIES



NMTC Success Story:
Street Squash. Click the arrow to play the video.

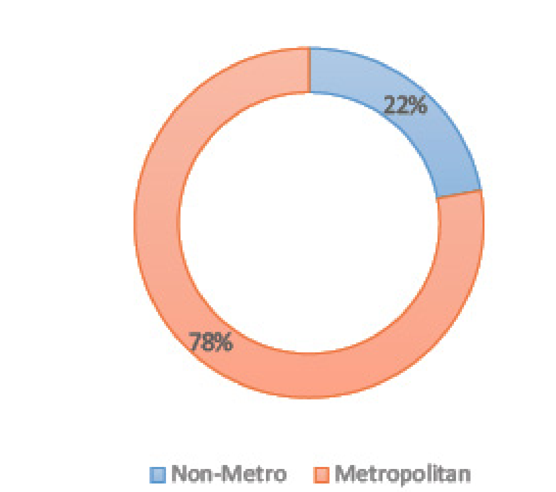
2016 CDE SURVEY: COMMUNITY CHARACTERISTICS

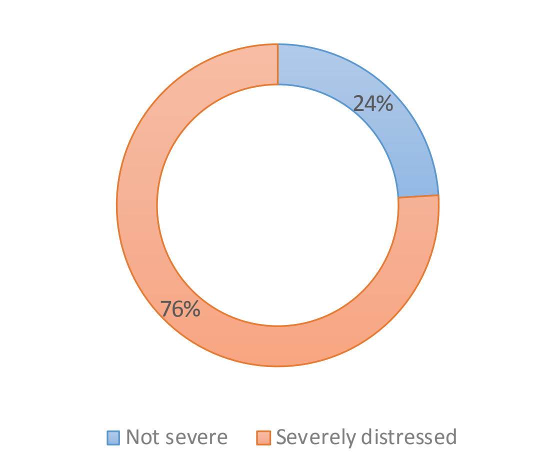
Stiff Competition for Allocation Pushes Investments into the Poorest Neighborhoods in America

CHARACTERISTICS OF COMMUNITIES RECEIVING INVESTMENTS

The NMTC targets about 40 percent of nation's census tracts that meet the statutory requirements for economic distress. However, most NMTC financing goes to a smaller subset of severely distressed communities that far exceed program requirements for poverty and income. According to data from the CDFI Fund, between 2003 and 2015, over 74 percent of NMTC financing went to severely distressed communities with poverty rates above 30 percent, median incomes below 60 percent of the area median income or unemployment rates 1.5 times the national average.

The 2016 survey data shows that CDEs are continuing to make investments in severely distressed communities. For example, 35 percent of NMTC investments reported were located in communities where the poverty rate exceeded 30 percent, 59 percent were in communities with unemployment rates 1.5 times the national average, and 51.6 percent of investments were in communities where the median income is 60 percent of the area median income.





Itom Hiapsi, a health clinic for the Pascua Yaqui Tribe in Guadalupe, AZ where the poverty rate is nearly 33 percent

NEW MARKETS TAX CREDIT COALITION

SPECIAL REPORT
NEW **MARKETS** TAX CREDIT
A Big Deal for Rural America

2003-2014

nmtccoalition.org/rural

A special report on the impact of NMTC investments in rural communities.

THE NMTC: A BIG DEAL FOR RURAL AMERICA

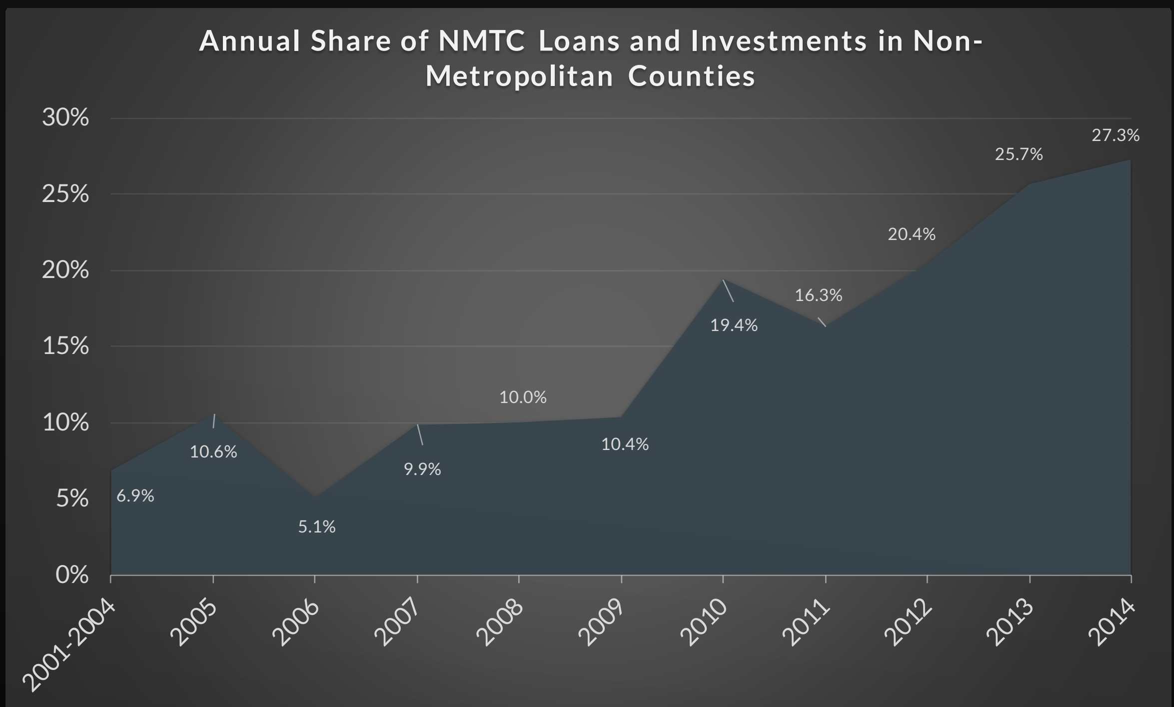
Supporting a Changing Rural Economy

RURAL GETS ITS SHARE

In the New Markets Tax Credit Coalition's 2006 NMTC Progress Report, we asked "What about Rural?" and described the initial concerns surrounding the New Markets Tax Credit (NMTC)'s ability to deliver capital to eligible rural communities. Since we first posed the question in 2006, there is evidence that the NMTC has a unique capacity to overcome these barriers and deliver capital to some of the country's most distressed rural communities. The Credit has made a significant impact in rural America, creating tens of thousands of jobs, financing over 800 businesses and facilities, and boosting local economies.

NMTC STATUTE AMENDED TO TARGET NON-METROPOLITAN COUNTIES

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 QLICIs. The CDFI Fund defined "non-metropolitan counties" as those counties that are not contained within a Metropolitan Statistical Area, according to the most recent census. There is evidence that the 2006 provision started a trend toward more investment in rural communities, as investment in non-metro counties has picked up in recent years, hitting 27.3 percent in 2014. This percentage is much higher than the overall rural share of the population, which varies depending on the definition, but is pegged at 20 percent by the CDFI Fund.



THE NEED FOR CAPITAL IN RURAL AMERICA

DISPARITIES IN ACCESS TO CAPITAL

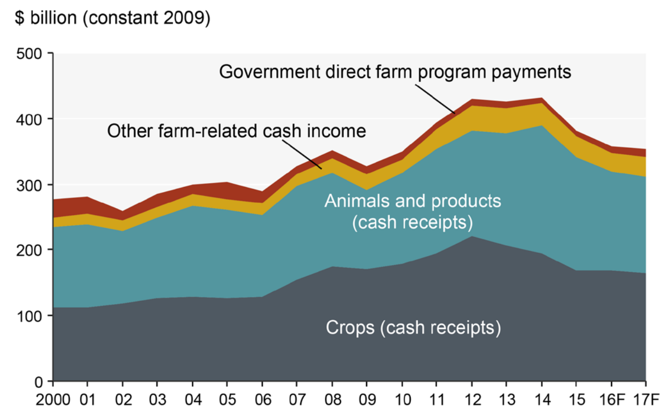
Rural economies in particular present unique obstacles to revitalization, including a lack of economic diversity and investors, the limited availability of credit, the seasonal nature of employment, and geographic isolation.

The decade's long trend of community bank closure and consolidation has hit rural areas particularly hard, as most community banks are located in these communities. The number of community banks in the United States has declined by an average of 300 per year over the past 30 years, according to data from the Federal Deposit Insurance Corporation. A 2013 analysis by the Federal Financial Institutions Examination Council found that while rural low-income census tracts include about 6 percent of the population and about 6 percent of the businesses, they received less than 5 percent of small business loans in 2012.

Non-metropolitan poverty rates have traditionally been higher than metro poverty rates. (see chart to right). Educational attainment also lags behind urban areas.

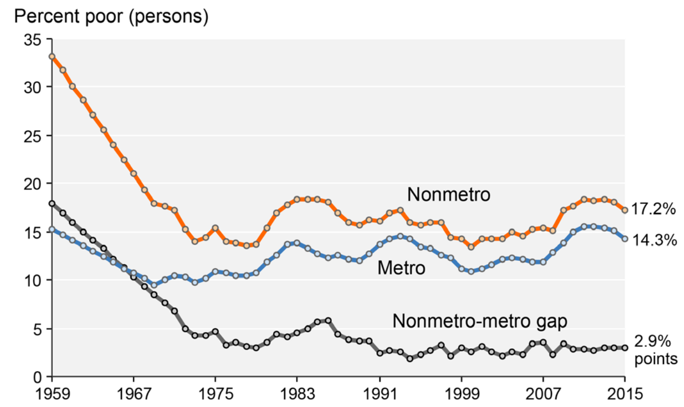
Meanwhile, a collapse of agricultural commodity prices has added stress on many small farming communities.

Gross cash farm income components, inflation adjusted, 2000-2017F



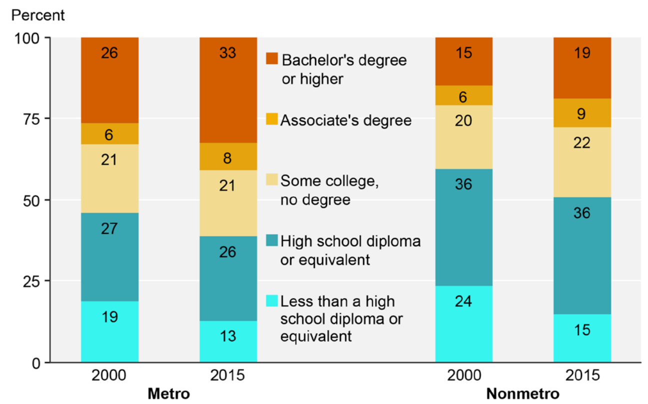
Note: F = forecast. Values are adjusted for inflation using the chain-type GDP deflator, 2009=100.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of February 7, 2017.

Poverty rates by metro/nonmetro residence, 1959-2015



Note: Metro status of some counties changed in 1984, 1994, 2004, and 2014.
Source: USDA, Economic Research Service using data from the U.S. Census Bureau's Current Population Survey (CPS) 1960-2009 and annual American Community Survey (ACS) estimates for 2009-2015. CPS poverty status is based on family income in prior year and ACS poverty status is based on family income in the past 12 months.

Educational attainment for adults age 25 and older, 2000 and 2015



Note: Metro/nonmetro status determined by Office of Management and Budget's 2015 metropolitan area definitions.
Source: USDA, Economic Research Service using data from the U.S. Census Bureau's Census 2000 and 2015 American Community Survey.

THE NMTC: A BIG DEAL FOR RURAL AMERICA

Supporting a Changing Rural Economy

FINANCING RURAL HEALTHCARE FACILITIES

Rural residents have higher rates of age-adjusted mortality, disability, and chronic disease than their urban counterparts, and they also have less access to doctors and healthcare providers. According to research by the Stanford University, despite rural communities accounting for about 20 percent of America's population, less than 10 percent of physicians practice in these communities.

The NMTC has helped rural communities increase healthcare access, financing 107 rural healthcare facilities or clinics, totaling nearly $800 million in project costs between 2003 and 2014. Examples of these projects include the Speare Memorial Hospital in the medically under-served community of Plymouth, New Hampshire, and the Delta Memorial Hospital in Dumas, Arkansas. Eleven percent of rural NMTC projects involved healthcare facilities.

FINANCING RURAL MANUFACTURING BUSINESSES

Over the past several decades, liberalization of trade agreements, automation, and changing trade patterns, turned the once thriving rural industrial economy to ruin.

For example, the off-shoring of textile industry jobs disproportionately impacted rural America, according to data from the U.S. Department of Agriculture's Economic Research Service. Between 1994 and 2005, America lost 900,000 textile and apparel manufacturing jobs.

The NMTC has helped many rural communities create or retain manufacturing jobs by providing financing to manufacturers for new facilities and equipment, like St. Croix Tissue, Inc. in Baileysville, ME (below). Between 2003 and 2014, the Credit delivered over $4.8 billion in total project financing to 223 rural manufacturing projects. Twenty-seven percent of NMTC projects in rural communities involve manufacturing.

RURAL IMPACT BY THE NUMBERS 2003-2014

- **817** businesses, community facilities, and other important revitalization projects financed.

- **$6.15 billion** in NMTC allocation generated **$11.6 billion** in total project costs.

- NMTC projects generated **49,940 full-time jobs** and **21,706 construction jobs**.

NON-METRO PROJECTS BY INDUSTRY (2003-2014)

INDUSTRY	NUMBER OF PROJECTS
Arts, Museums & Culture	24
Community Services	63
Education	15
Energy & Utilities	41
Financial services	5
Healthcare	109
Hotels & Tourism	36
Housing	19
Manufacturing & Industrial	223
Mixed-Use	23
Other Commercial Real Estate	45
Retail, Restaurants & Service Sector	151
Science, Research & Technology	10
Timber, Forestry & Parks	33
Transportation & Warehousing	20

RURAL SUCCESS STORIES

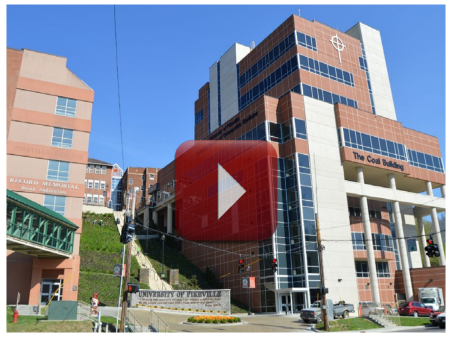
Click the images below to learn more.

Alabama Revolving Loan Fund, Rural Alabama

Premium Peanut, Douglas, GA

Hemming Cedars, Rexburg, ID

Atchison YMCA, Atchison, KS



Pikeville College School of Osteopathic Medicine, Pikeville, KY

Kalamazoo Health Focused Campus, Kalamazoo, MI

RURAL SUCCESS STORIES

Mississippi Silicon, Burnsville, MS

Winston Medical Center, Louisville, MS

Great Falls Rescue Mission, Great Falls, MT

Minnewaukan Public School, Minnewaukan, ND

Fry Foods, Ontario, OR

Yellow Freight aka Mr. Rogers Neighborhood, West Allis, WI

An annual snapshot of the New Markets Tax Credit Program

NEW MARKETS
TAX CREDIT COALITION

NEW MARKETS TAX CREDIT COALITION

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