FOR IMMEDIATE RELEASE
February 10, 2015

New Markets Tax Credit Coalition

Contact: Bob Rapoza
bob@rapoza.org
(202) 393-5225

House Bill Would Make New Markets Tax Credit Permanent

Bipartisan Call to Make Federal Tax Credit Permanent that Leverages Private Investment in Economically Distressed Communities, Expands Businesses and Creates Jobs

Washington, D.C. – Three members of the House Ways and Means Committee, including Congressmen Pat Tiberi (R-OH), Tom Reed (R-NY) and Richard Neal (D-MA), introduced a bill to secure the future of the **New Markets Tax Credit** (NMTC) today. New Markets Tax Credit Extension Act of 2015 would ensure that rural communities and urban neighborhoods left outside the economic mainstream have access to financing to grow their economies and create jobs.

"The New Markets Tax Credit is a unique federal tax credit that both **fosters public-private partnerships** and **gives local decision-makers flexibility** to choose what investments will best address their economic challenges, in terms of job creation or added social services," said José Villalobos, President of the NMTC Coalition and Senior Vice President of TELACU.

The NMTC was provided a one-year retroactive extension during the last weeks of the 113th Congress, but expired just a few weeks later on December 31, 2014. The introduction of the NMTC bill comes amid growing demand for a more definite answer on tax reform and denotes the possibility for both political parties to find common ground that benefits the communities and people they represent.

"The fact is, not all aspects of the federal tax code are equally valuable or cost-effective," said Bob Rapoza, spokesperson for the NMTC Coalition. "Lawmakers need to assess which tax expenditures are generating returns, in terms of both economic value and social good. The NMTC is making a tangible difference, bringing new vitality and putting nearly three-quarters of a million people to work."

The facts:

- Between 2003 and 2012, the NMTC made $31 billion in direct NMTC investments to businesses in low-income areas and leveraged a total of $63 billion.
- NMTC investments have generated over 744,000 jobs, at a cost of less than $20,000 per job.
- More than 72 percent of all NMTC investments have been in communities exhibiting severe economic distress, including unemployment rates at least 1.5 times the national average, a poverty rate of 30 percent or more, or a median income at or below 60 percent of the area median.
- Between 2003 and 2012, more than 1,200 NMTC projects involved community amenities like healthcare facilities, schools, nonprofit service providers, and daycare centers.

- The NMTC pays for itself. For example, in 2012, the NMTC generated $15.2 billion in economic activity, and this activity generated $984 million in federal tax revenue, more than enough cover the $800 million annual cost of the program in 2012.

A bipartisan effort since its inception, the NMTC began as collaboration between Democratic President Bill Clinton and Republican Speaker of the House Dennis Hastert to attract private capital investment in low income communities and continues to garner support from lawmakers on both sides of the aisle. The tradition of strong bipartisan support for the NMTC continues, with the President calling for permanency in his 2016 budget proposal as well as this bill being introduced in the House.

“Over the last 30 years, federal community development spending, measured as a share of the Gross Domestic Product, has fallen by 75 percent. This legislation would ensure communities needing revitalization have the resources to get back up and running,” Rapoza adds. “We applaud Congressmen Tiberi, Reed and Neal for their commitment to our nation’s communities and cities, and hope their colleagues in Congress will follow their lead.”

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