



December 29, 2015

Annie Donovan
Director
Community Development Financial Institutions Fund
U.S. Department of the Treasury
1801 L Street, NW, 6th Floor
Washington, D.C. 20036

Dear Director Donovan:

The recently enacted Protecting Americans from Tax Hikes Act of 2015 (PATH ACT) includes the longest term and largest authorization for the New Markets Tax Credit (NMTC) since its establishment in 2000. This long term extension not only allows the CDFI Fund to make a transition to a schedule in which credits are allocated in the year authorized and also to increase the availability of NMTC to highly qualified Community Development Entities (CDEs).

In order to accomplish this the New Markets Tax Credit Coalition recommends that the CDFI Fund combine the credit authority available for 2015-2017 into two allocation rounds. The Notice of Allocation Availability (NOAA) published on October 23, 2015, indicated that up to \$5 billion in credit authority would be available. With allocation awards scheduled for some time in 2016, we urge the Fund to combine the \$3.5 billion authorized for 2015 and the \$1.5 billion authorized for 2016 to provide \$5 billion in allocation awards.

Similarly, we propose that the next NOAA combine the remaining credit authority for 2016 (\$2 billion) and the total authorized for 2017 (\$3.5 billion) to make allocation awards totaling \$5.5 billion. We presume the NOAA will be issued in the fall of 2016 with allocation awards in the spring of 2017.

At the end of this process, the NMTC allocation awards will be on a regular calendar year schedule with the NOAA for the 2018 round published in the fall of 2017, and allocation awards in the summer of 2018.

There is ample precedent for this proposal. The legislation establishing the NMTC was signed into law in December 2000. A total of \$15 billion was authorized between 2001-2007.

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Because of the time necessary to prepare for the implementation of the program, the inaugural round for the NMTC was delayed until March 2003.

To make up for time lost, the first NOAA (March 2003) made available \$2.5 billion (\$1 billion for 2001 and \$1.5 billion for 2002). The second NOAA (July 2003) totaled \$3.5 billion (\$1.5 billion for 2003 and \$2 billion 2004). By taking this action, the Fund got the NMTC on a schedule of making awards in the year in which the Credits were authorized.

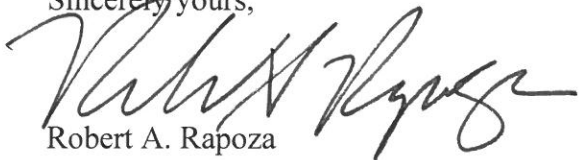
There is both ample capacity and demand for increasing the dollar amount of allocation. Even at the height of the Great Recession, CDEs fully utilized the \$5 billion authorized for both 2008 and 2009 through the American Renewal and Recovery Act.

Furthermore, there is substantial unmet demand for NMTC allocation. In the 2014 round, the CDFI Fund received allocation applications totaling \$19.9 billion, piling in comparison to the amount available: \$3.512 billion. Of the 231 applications submitted, 118 scored above the highly qualified range (136 points). Of this number, 76 applications received awards; 42 applications did not. Increasing the amount of NMTC available, as we suggest, will go a long way in providing the necessary resources to work with the highly qualified CDEs.

There is still much work to be done to revitalize rural and urban communities across America. The NMTC has become an essential resource for delivering private sector capital to finance healthcare centers, industrial and commercial facilities and small businesses. With a long term authorization in place and \$17.5 billion in credit authority available, the CDFI Fund now has the time and resources necessary to accelerate the pace of lending and investing in low income communities across America.

Please let me know if you have any questions. Thank you for your attention to this matter.

Sincerely yours,



Robert A. Rapoza