The New Markets Tax Credit

Progress Report 2013

A Report by the New Markets Tax Credit Coalition

June 2013

New Markets Tax Credit Coalition

1331 G Street, NW, 10th Floor • Washington, DC 20005
(202) 393-5225 • (202) 393-3034 fax • www.nmtccoalition.org • @nmtccoalition

This report was prepared by Rapoza Associates 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 is managed by Rapoza Associates, a public interest lobbying, policy analysis, and government relations firm located in Washington, DC that specializes in providing comprehensive legislative and support services to community development organizations, associations and public agencies.

New Markets Tax Credit Coalition Board of Directors 2013:

The
New Markets Tax Credit

Progress Report
2013

A Report by the New Markets Tax Credit Coalition

June 2013

Acknowledgements:

The following entities and individuals provided generous amounts of their time and talent to assist in the development of this report:

Scott Sporte, NCB Capital Impact

Dan Robeson, Iowa Business Growth Company

ampersand graphic design, Boulder, CO, provided valuable assistance in the preparation of this report.

CDE Survey of 2012 NMTC Activity: By The Numbers

Every year the Coalition sends a survey to all Community Development Entities (CDEs) that have received an NMTC allocation. The survey requests information on a CDE's NMTC activity in the previous calendar year. The Coalition's most recent survey of CDEs covered NMTC activity in the 2012 calendar year. The findings from this survey are detailed in the following pages and evidence the effectiveness of the NMTC as a tool for driving capital to areas of economic distress.

★ ★ ★

CDE Survey Sample: 72 CDEs representing $15.2 billion in total allocation (2003-2011) reported on their 2012 NMTC activity. These CDE respondents reported:

- **$2.2 Billion** in Qualified Equity Investments
- **$2.3 Billion** in Qualified Low Income Community Investments
- **$5.6 Billion** in total project financing
- **273** businesses receiving NMTC financing
- **100%** of NMTC investments were made in qualified low income communities
- **76%** of NMTC investments were made in severely distressed communities
- **65%** of NMTC investments were made in communities with unemployment rates at least 1.5 times the national average
- **47,821** jobs created by projects closing in 2012, including:
  - **20,251** full-time jobs;
  - **27,570** construction jobs
- **$3.9 billion** in projects in the pipeline for 2013

All this adds up to:

Billions in private investment in businesses at a modest cost to the government; the creation of thousands of construction and permanent jobs; financing for credit-starved small and medium-sized businesses and revitalization efforts in the nation's most distressed urban and rural communities.

Contents

List of Charts, Figures, Tables

Introduction

This *2013 NMTC Progress Report* was prepared by the New Markets Tax Credit Coalition, a national membership organization of Community Development Entities (CDEs) and investors organized to advocate on behalf of the New Markets Tax Credit (NMTC). This is the Coalition's ninth annual *NMTC Progress Report* and like previous reports it's designed to inform policymakers and practitioners on the NMTC, how it is working, and to document the success of the NMTC in spurring revitalization in urban and rural communities across America. The report highlights findings from the Coalition's annual survey of CDEs receiving NMTC allocations. The survey collected data from CDEs on their progress raising capital and making loans and investments in calendar year 2012 with the NMTC. Also, for the first time, this year's survey asked CDEs to provide project-specific information.

Survey findings show that the NMTC continues to be an effective incentive for community revitalization. Reported jobs numbers reinforce the job creation data from the Coalition's *2012 Economic Impact Report.* In total, the CDE survey respondents created 47,000 jobs in 2012, which represents an impressive three percent of the 1.8 million jobs[1] created in America during 2012, and these jobs were created in communities with poverty rates above 20 percent and median incomes below 80 percent of the area median.

1 Source: Bureau of Labor Statistics, net jobs created.

About the New Markets Tax Credit

History of the NMTC

In December of 2000, the Community Renewal Tax Relief Act (P.L. 106-554) was signed into law. This legislation authorized the New Markets Tax Credit (NMTC), which was designed to provide a modest tax incentive in order to increase the flow of private sector capital to communities long overlooked by market forces. While today's economy differs significantly from the 2000 economy, the challenge of attracting investment capital to underserved areas persists and in fact has intensified over the last few years.

Then – as now – the basis for the NMTC is that business success depends on access to capital. There is substantial evidence that low and moderate income areas continue to be underserved by private sector capital. This lack of capital stifles entrepreneurs and impedes growth, leading to urban decay and economic stagnation in small towns and rural communities, despite opportunities for investment and business expansion.

Between 2003 and 2011, the total investment in NMTC financed businesses came to $55 billion[2], of which nearly $27 billion was NMTC capital, with the balance coming from other sources. During this time period, those NMTC financed businesses directly generated 358,832 jobs, including 111,277 full-time jobs and 247,555 construction jobs[3]. The NMTC financing cost the federal government $7 billion in revenue lost[4], resulting in a cost per job of $19,500.

How the NMTC Works

In order to deliver capital to new markets, the NMTC authorizing statute created a new category of investment intermediary, Community Development Entities (CDEs).

Community Development Entities

CDEs are the investment vehicle for the NMTC. An organization must be certified as a CDE by the Community Development Financial Institution (CDFI) Fund within the Treasury Department before it can apply for an allocation of NMTCs. In order to qualify as a CDE, an organization must:

- Be a domestic corporation or partnership at the time of the certification application;
- Demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons; and
- Maintain accountability to residents of low-income communities through representation on a governing board of or advisory board to the entity.

---

2 NMTC Coalition Preliminary Estimate of Total Project Costs 2003-2011.

3 CDFI Fund FY 2012 Year in Review.

4 Based on Joint Congressional Committee on Taxation estimates.

Applying for an Allocation of NMTCs

Once certified, a CDE can apply to the CDFI Fund for an allocation of NMTCs. The CDFI Fund issues an allocation application on an annual basis. There have been ten allocations from the CDFI Fund totaling over $36 billion in allocation authority. Competition for NMTC allocations is steep.

CDE applications are scored in four areas:

- ***Community Impact*** – the extent to which a CDE targets economically distressed communities, has the active participation of community representatives, and can demonstrate programmatic impacts;
- ***Business Strategy*** – A CDEs must describe and quantify the level of economic distress in the target area and demonstrate how the CDE plans to provide financial products and services that address the needs of the community;
- ***Capitalization Strategy*** – A CDE must demonstrate that it has investors committed to investing in the CDE or a strategy for securing investments; and
- ***Management Capacity*** – A CDE must demonstrate that it has the experience, staff, and partners to execute an effective NMTC strategy.

The CDFI Fund typically receives enough highly rated applications that in order to be successful, CDE applicants must exceed the minimal thresholds set for raising and deploying capital and for serving areas of high economic distress established by law and regulation. The CDFI Fund has thus dictated a set of higher benchmarks, which have helped drive NMTC investment into areas of greater need.

If a CDE is awarded an allocation of NMTCs, it must sign an allocation agreement with the CDFI Fund, giving it the authority to market the NMTC to investors and implement the business strategy proposed in its allocation application.

Securing Private Investors

Once a CDE receives an allocation, it can secure investors to make Qualified Equity Investments (QEIs) in the CDE in exchange for the Credit.

Investors claim a 39 percent tax credit over seven years, 5 percent annually for the first three years and six percent in years four to seven, and the seven-year clock starts once the QEI is made in the CDE. Investors may not redeem their investments in the CDEs prior to the conclusion of the seven-year credit period. If an investor does cash-out or redeem an investment before the seven-year term has run its course, they must repay all credits taken to date, with interest.

The CDEs must use “substantially all” (defined as 85 percent) of the proceeds from a QEI to make Qualified Low-Income Community Investments (QLICIs) within one year.

QLICIs are most typically structured as loans or investments in qualified businesses. CDEs can also invest in or loan to other CDEs, purchase qualified loans from other CDEs, or provide financial counseling to qualified businesses or community resident.

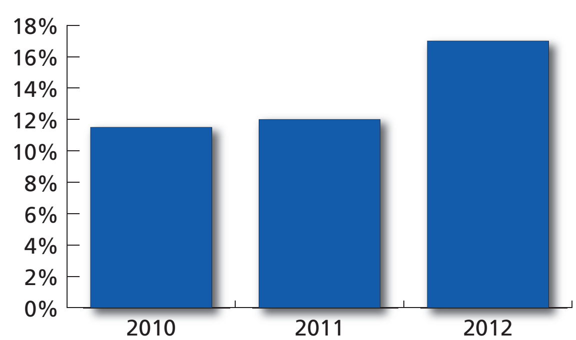
All QLICIs must be made in a business operating in a low income community defined under NMTC as a census tract where the individual poverty rate is at or above 20 percent or the median family income is at or below 80 percent of the area median income, or benefitting one or more targeted populations (see below).

Increased Use of Targeted Populations

The American Job Creation Act of 2004 (PL 108-357) included a provision expanding the definition of a NMTC qualified low income community to include Targeted Populations, defined as "certain individuals, or an identifiable group of individuals, including an Indian tribe, who (A) are low-income persons; or (B) otherwise lack adequate access to loans or equity investments." This change was particularly important for CDEs working in rural communities where pockets of poverty are not apparent when looking strictly at the poverty rate or area median gross income of a census tract. Strict census tract targeting also created a challenge for CDEs in urban areas where a business may be located just outside of a qualified low-income census tract even through the business activity clearly benefits a low-income population through employment and/or services.

The Coalition's last three surveys show a recent increase in its use as an eligibility factor with 16.9 percent of the projects reported in 2012 qualifying under Target Populations (See Chart 1).

CDE Survey of 2010-2012 NMTC Activity
Chart 1: QALICBs Qualifying Under Targeted Populations



Source: CDE Survey of 2010-2012 NMTC Activity

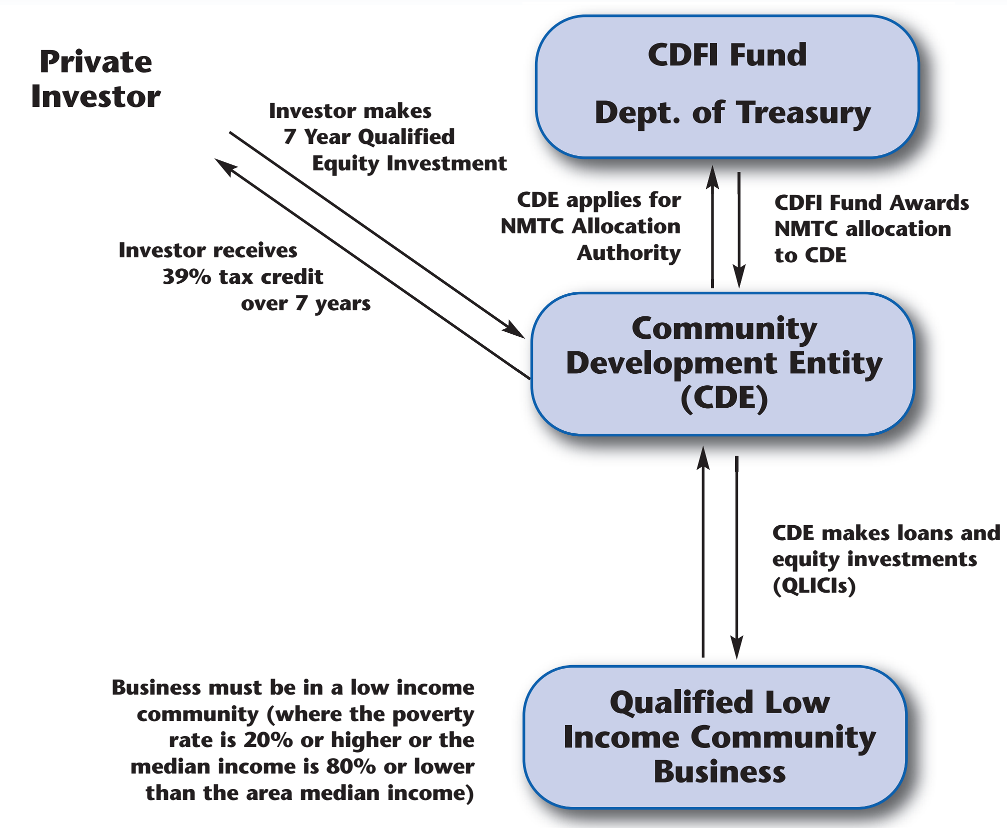
Uses of NMTC Investments

While "substantially all" of a CDE's investments must be targeted to the low income service area identified by the CDE, there is significant flexibility in the types of businesses and development activities that NMTC investments can support – including community facilities like child care or health care facilities and charter schools, manufacturing facilities, for-profit and non-profit businesses, and homeownership projects. Specific examples of NMTC financed businesses include an airplane parts manufacturer, bakeries, community health centers, high-tech business incubators, a soup kitchen, supermarkets, and worker training facilities.

NMTC Oversight

The CDFI Fund within the Treasury Department administers CDE certification, the allocation of NMTCs, and monitors CDE compliance once Credits are awarded. The Internal Revenue Service (IRS) is responsible for issuing guidance on NMTC investments and monitoring taxpayer compliance.

Figure 1:
How the New Markets Tax Credit Works



Source: New Markets Tax Credit Coalition, (survey of NMTC allocatee activity January 1 – December 31, 2011)

Demand for NMTC Remains Strong

Demand for NMTC has been and remains strong. CDEs requested $252 billion in allocation authority between 2003 and 2012 while the CDFI Fund had NMTC allocation authority totaling $36.6 billion. As shown in Table 1, between 2003 and 2012 the demand for allocations outstripped the availability of the Credits by more than $216 billion. In 2012, allocation demand was more than 7 times the available NMTC authority.

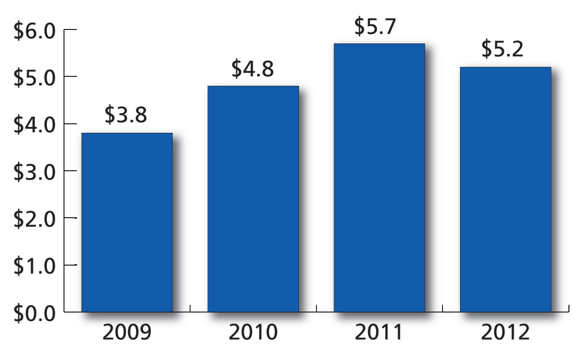
Table 1: NMTC Allocation Authority and Demand by Year

Year	Demand	Available Allocation Authority	Number of Awards
2003	$26,000,000,000	$2,500,000,000	66
2004	$30,000,000,000	$3,500,000,000	63
2005	$23,000,000,000	$2,000,000,000	41
2006	$28,300,000,000	$4,100,000,000	63
2007	$28,300,000,000	$3,900,000,000	61
2008	$27,900,000,000	$5,000,000,000	102
2009	$21,300,000,000	$5,000,000,000	99
2010	$22,500,000,000	$3,500,000,000	99
2011	$26,700,000,000	$3,600,000,000	70
2012	$21,900,000,000	$3,500,000,000	85
TOTAL	**$252,700,000,000**	**$36,600,000,000**	**751**

Source: CDFI Fund

The NMTC allocation application process continues to be highly competitive. In the 2012 allocation round, 314 CDEs requested $21.9 billion in allocations. In April of 2013, the Treasury Department awarded 85 CDEs with $3.5 billion in available allocation authority.

Chart 2: NMTC Qualified Equity Investments–2009-2012 ($ in billions)



Source: CDFI Fund

A key tenet of the NMTC program is raising capital (Qualified Equity Investments or "QEIs") from the private sector. NMTC QEI activity remained strong during the recent recession, averaging about $3 billion annually in 2007-2009. As the economic recovery picked up in 2010, 2011, and 2012, the improving economy, along with a two-year extension, unleashed a substantial increase in NMTC investment. QEIs totaled $3.8 billion in 2009, $4.2 billion in 2010, $5.7 billion in 2012, and $5.2 billion in 2013 (see Chart 2).

CDE Survey: A Snapshot of 2012 NMTC Activity

The Coalition's 2012 survey asked CDEs to report on their NMTC activity in the 2012 calendar year.[6] The following findings bolster the case that the NMTC continues to serve as an effective tool for driving capital to areas of economic distress.

A total of 72 CDEs responded to this year's survey. Survey respondents have received a total of $15.2 billion in NMTC allocations throughout the course of the program, or over 40 percent of total allocation awarded as of February of 2013. In 2012, these CDEs raised more than $2.2 billion in QEIs and deployed $2.3 billion in financing to 273 businesses in 47 states and the District of Columbia. As such, these CDEs represent a substantial share of the activity in the program in 2012 (see Table 2).

CDE Survey of 2012 NMTC Activity
Table 2: By Service Area, Allocation History, QEIs and QLICIs in 2012

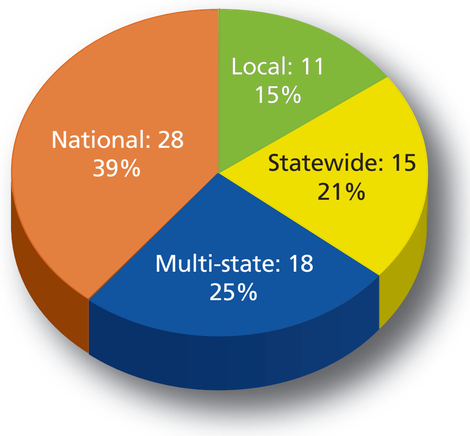
Service Area	Number of CDEs	Total Allocation	QLICIs	QEI
Local	11	$1,118,500,000	$193,154,870	$215,090,000
Statewide	15	$1,827,000,000	$356,880,558	$361,096,525
Multi-State	18	$2,194,612,000	$378,996,842	$375,619,262
National	28	$10,051,500,000	$1,358,222,786	$1,294,234,430
Total	**72**	**$15,191,612,000**	**$2,287,255,056**	**$2,246,040,217**

Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

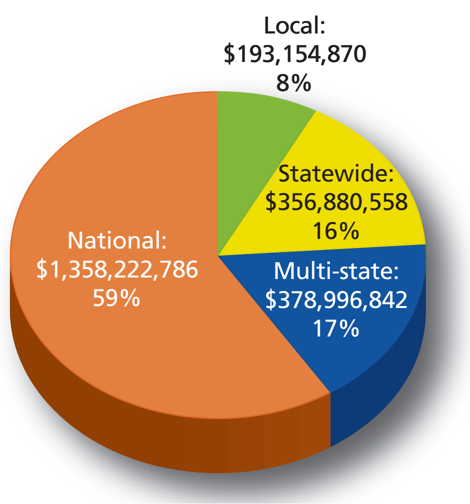
When applying for an allocation, CDEs must identify as local, statewide, multi-state, or national. National CDEs comprised almost 40 percent of survey respondents. These organizations constituted two-thirds of the total Credit authority represented in the survey, the largest share of capital raised ($1.4 billion out of $2.3 billion), and over half of the financing dollars (QLICIs) (see Charts 3 and 4).

6 **Changes to the 2012 Survey:** This year, the Coalition added a new section to its survey that allowed survey participants to provide project-specific information from the 2012 calendar year, including jobs, housing units, and other data points. Survey questions and the project worksheet were modeled directly after questions in the CDFI Fund's Community Investment Impact System (CIIS).

CDE Survey of 2012 NMTC Activity
Chart 3: Survey Respondents by Area of Service



CDE Survey of 2012 NMTC Activity
Chart 4: Amount of QLICIs ($) by Area of Service



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

NMTC: Catalyst for Effective Public-Private Partnerships

There are four key factors to consider when looking at the NMTC investment environment.

1. The New Markets Tax Credit provides a modest subsidy as compared to other targeted federal tax credits. As noted previously, a NMTC investor receives a federal tax credit equal to 39 percent of the total Qualified Equity Investment in a CDE and the Credit is realized over a seven-year period. In addition, the NMTC is a taxable credit so investors are taxed on any capital gains or profits generated from a QEI, thereby reducing the effective rate of the NMTC to 26 percent. Therefore, taxpayers investing in the NMTC look for solid business deals that will yield economic return beyond the tax subsidy;

2. Since the inception of the program, regulated financial institutions have been the principal source of investment capital for the Credit. The *2013 NMTC Progress Report* indicates this trend continues with CDEs reporting that 49 percent of the QEI investment dollars secured in 2012 came from regulated depository institutions (see Table 3);

CDE Survey of 2012 NMTC Activity
Table 3: Sources of QEI Investment Dollars

Source	Amount	Percent
Regulated Financial Institution	$1,251,268,531	48.7%
Unregulated Financial Institutions	$121,467,128	4.7%
Insurance Company	$5,679,853	0.2%
Other Corporate Entity (not listed above)	$557,187,765	21.7%
Individual	$5,951,063	0.2%
Debt from the equity investor	$161,075,470	6.3%
Charitable Organization	$288,282,702	11.2%
Government Affiliated Entity	$104,414,906	4.1%
Other	$76,097,678	3.0%

Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1 – December 31, 2012

3. NMTC investments are not exempt from the Alternative Minimum Tax (AMT), which restricts the size of the investor market and puts NMTC at a competitive disadvantage with other similar federal tax credits that are exempt from AMT. There is anecdotal evidence that the AMT requirement is an impediment to participation of regional and community banks, as well as other individual and corporate investors with an interest in the Credit; and

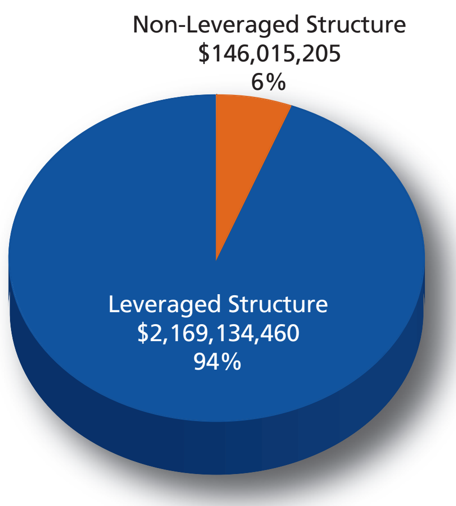
4. As a federal tax credit, the NMTC is only attractive to investors with a federal income tax liability that they can offset. For this reason, the NMTC is not attractive to financial interests or potential investors without federal tax liability, such as local and state government agencies, non-profit pension funds, or private foundations.

'Leverage' investment structure:

To improve and diversify the investor market and provide CDEs with additional tools to generate investment in distressed communities, the IRS issued a 2003 ruling that clarified several issues related to investing equity in a CDE in exchange for the NMTC. Internal Revenue Service (IRS) Revenue Ruling 2003-20 clarified how an investment structure could be set up as an intermediary entity between the NMTC investor and the CDE, to secure Qualified Equity Investments (QEIs). The intermediary entity, structured as an LLC or partnership, can receive equity investments from NMTC investors, as well as debt from other sources, and all of the LLC's funding (debt and equity) is then invested as a QEI into the CDE. The CDE can then pass the federal tax credits to the LLC (its QEI investor), which, as a flow-through entity can pass the entire tax credit up the chain to its equity investor. The IRS ruling endorsed this investment structure now commonly referred to as 'leverage.'

The leverage structure has enabled CDEs to raise capital from these entities without federal tax liability, including public and private nonprofit entities, pension funds, and state and local governments, thereby increasing the sources of capital available for NMTC investments. In 2012, 94 percent of qualified equity investments reported by survey respondents used the leverage structure (see Chart 5).

CDE Survey of 2012 NMTC Activity
Chart 5: Leverage Structure vs Non-Leverage Structure



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

In addition to being the principal source of equity capital, regulated financial institutions are also the major source of debt for investment made through the leverage structure. The survey found that CDEs using the leveraged structure are looking to a variety of sources for their leveraged debt, including the NMTC equity investor, financial institutions other than the equity investor, charitable donors, the project sponsor, or another business entity.

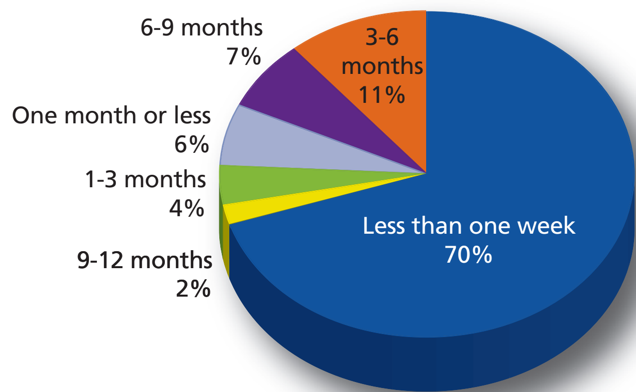
Deploying Investments

As noted, the law requires CDEs to have "substantially all" (at least 85 percent) of their QEIs deployed in Qualified Low Income Community Investments (QLICIs) within one year of issuance. Again, the CDFI Fund sets a higher bar in its application process, requiring that a CDE show that it can close all of its QLICI activities within three years.

CDEs responding to the survey are deploying their QEIs at a faster rate than required by law and the standard set by the CDFI Fund. According to the CDEs responding to the survey, 70% of capital raised in 2012 through QEIs was deployed in less than one week and 76 percent was deployed in a month or less (see Chart 6).

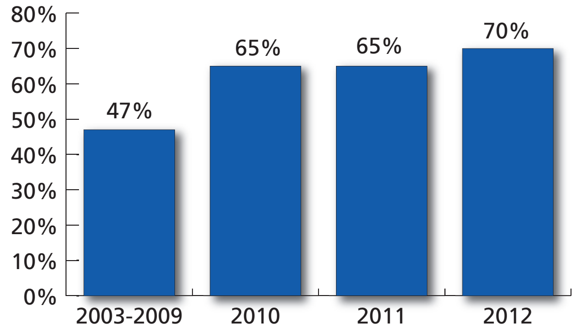
Over the course of the program, CDEs have achieved significant efficiencies and increased the pace at which they deploy capital into low income communities. Between 2003 and 2009, 47 percent of survey respondents reported that it took less than one week to deploy capital. As previously noted, that number has risen to 70 percent (see Chart 7).

CDE Survey of 2012 NMTC Activity
Chart 6: Time Frame for Deploying NMTC Capital by Percent of CDEs



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

Historic Trends
Chart 7: Time Frame for Deploying NMTC Capital by Percent of CDEs
Percent of CDEs reporting "less than one week" to deploy capital



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

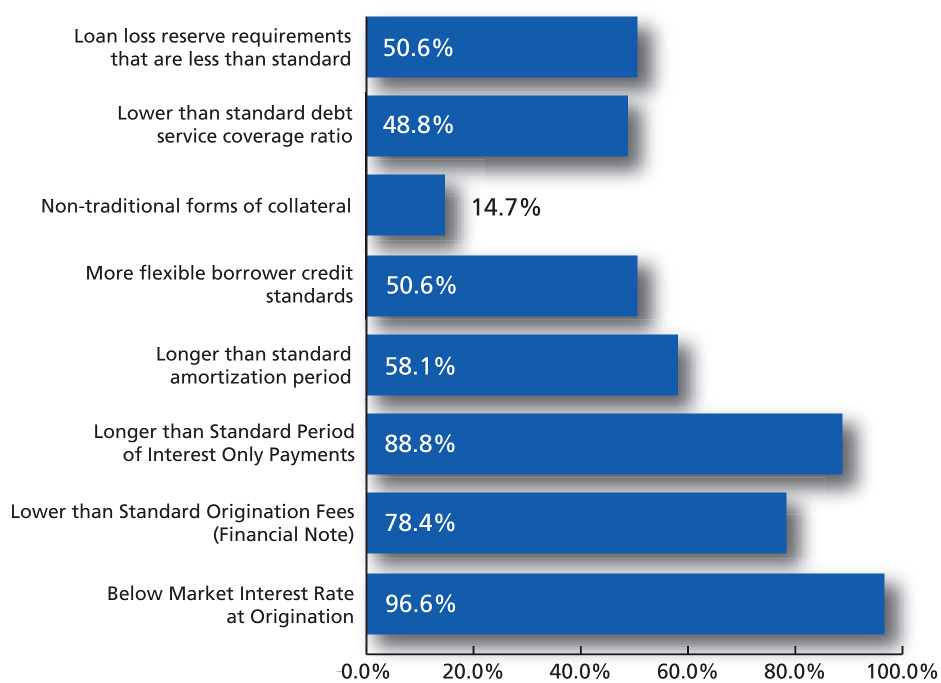
CDEs were asked to look forward to 2013 and report on their expected activity. In 2013, survey respondents anticipate making 402 investments totaling well over $4.9 billion.

Lending and Investment

Survey respondents were asked to report on the financial products they made available through the NMTC. As noted, CDEs make financing available to businesses through Qualified Low Income Community Investments (QLICIs), which are principally structured as loans or investments in businesses located in low income communities. In 2012, survey respondents made 660 QLICIs, providing over $2.3 billion in new financing to 273 qualified businesses (some businesses receive two or more separate QLICIs) in low income communities. Of that number, 96 percent of the QLICIs were in the form of a loan to a business.

CDEs provided loans with a variety of below market, non-traditional and other features. Chart 8 highlights the range of below market and non-traditional features associated with NMTC debt products. Financing debt with below market interest rates, longer than standard terms, lower than standard origination fees, and longer than standard interest only payments were the most common features of debt products.

CDE Survey of 2012 NMTC Activity
Chart 8: Features of NMTC Financial Products Offered by CDEs
Percent of 2012 Projects (out of 273 total projects)

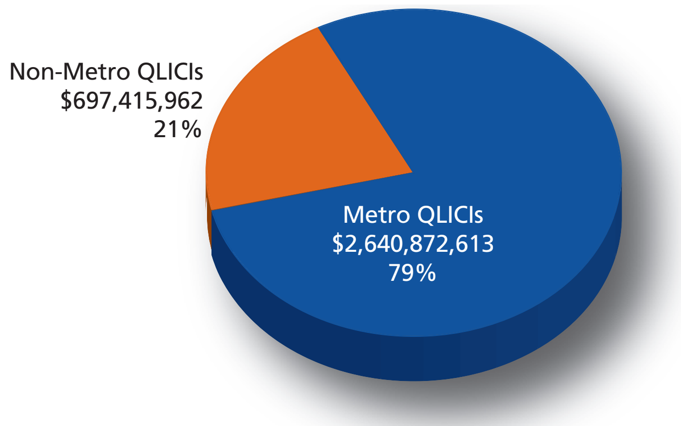


Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1 – December 31, 2012

Rural Activity

The Tax Relief and Health Care Act of 2006 (P.L. 109-432) requires the CDFI Fund to ensure that non-metropolitan counties receive a proportional allocation of QLICIs under the New Markets Tax Credit Program. The CDFI Fund has defined Non-Metropolitan Counties as those counties that are not contained within a Metropolitan Statistical Area[6] according to the most recent census. A total of $697 million (21 percent) of the financing went businesses in located in non-metro areas (see Chart 9).

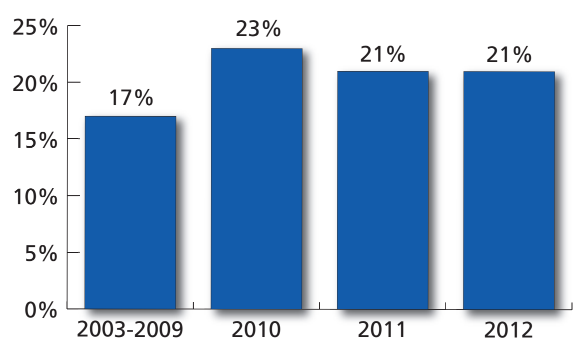
CDE Survey of 2012 NMTC Activity
Chart 9: Dollar Amount in QLICIs by Metro and Non-Metro Area



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

There is evidence that the 2006 statutory change started a trend toward more investment in rural communities, as investment in non-metro communities has picked up in recent years, averaging 22 percent between 2010 and 2012 after averaging 17 percent between 2003 and 2009 (see Chart 10).

CDE Survey of 2003-2012 NMTC Activity
Chart 10: Percent of QLICIs by Metro and Non-Metro Area



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

6 Metropolitan areas contain core counties with one or more central cities of at least 50,000 population or with a Census Bureau defined urbanized area and a total area population of 100,000 or more, as well as fringe counties that are economically tied to the core counties. All other counties are considered to be non-metropolitan.

Types of Businesses Financed

All businesses eligible to receive financing under the NMTC are called Qualified Active Low Income Community Businesses (QALICBs). To qualify as a QALICB, a business must be located in a low income community, and conduct business and derive at least 50 percent of its income in a low income community.

Survey respondents were asked to provide a description of the types of businesses financed, choosing from one of 11 categories.

Out of the 11 categories of business types listed, four categories of businesses (community, industrial, healthcare, and mixed-use) received a total of $2.4 billion or 72 percent of all NMTC investments in 2012 (see Table 4). Chart 11 also notes the types of businesses financed with the Credit in 2012 as a percentage of dollars going to each business type. Businesses categorized as "other" typically include service providers, a large scale laundry service, loan funds, and operational businesses that do not fit the above categories.

CDE Survey of 2012 NMTC Activity
Table 4: Types of Businesses Financed, QLICIs, Total Project Cost

Type of Business	Number of Businesses	Total QLICI Amount	Percent of Total QLICIs	Total Project Cost
Arts (Facilities or space for the performing arts, cultural, entertainment, or other amenities)	6	$62,765,307	2%	$192,558,210
Community (Educational and community facilities)	55	$937,894,347	28%	$1,146,018,486
Office (Financial, professional, scientific, management, business, or other office space)	13	$99,161,714	3%	$142,955,782
Food (restaurants, grocery stores)	19	$263,349,607	8%	$317,974,883
Health (Health, human and social service facilities)	48	$637,937,749	19%	$1,144,231,637
Hotels	6	$53,647,285	2%	$106,966,366
Housing	31	$74,666,108	2%	$87,589,541
Industrial (Industrial, manufacturing, transportation logistics, or warehousing space)	43	$509,262,841	15%	$775,621,722
Mixed-Use	22	$345,207,706	10%	$698,840,761
Retail	11	$81,767,511	2%	$548,551,950
Other	19	$272,628,400	8%	$436,188,841
Total	**273**	**$3,338,288,575**[1]		**$5,597,498,179**

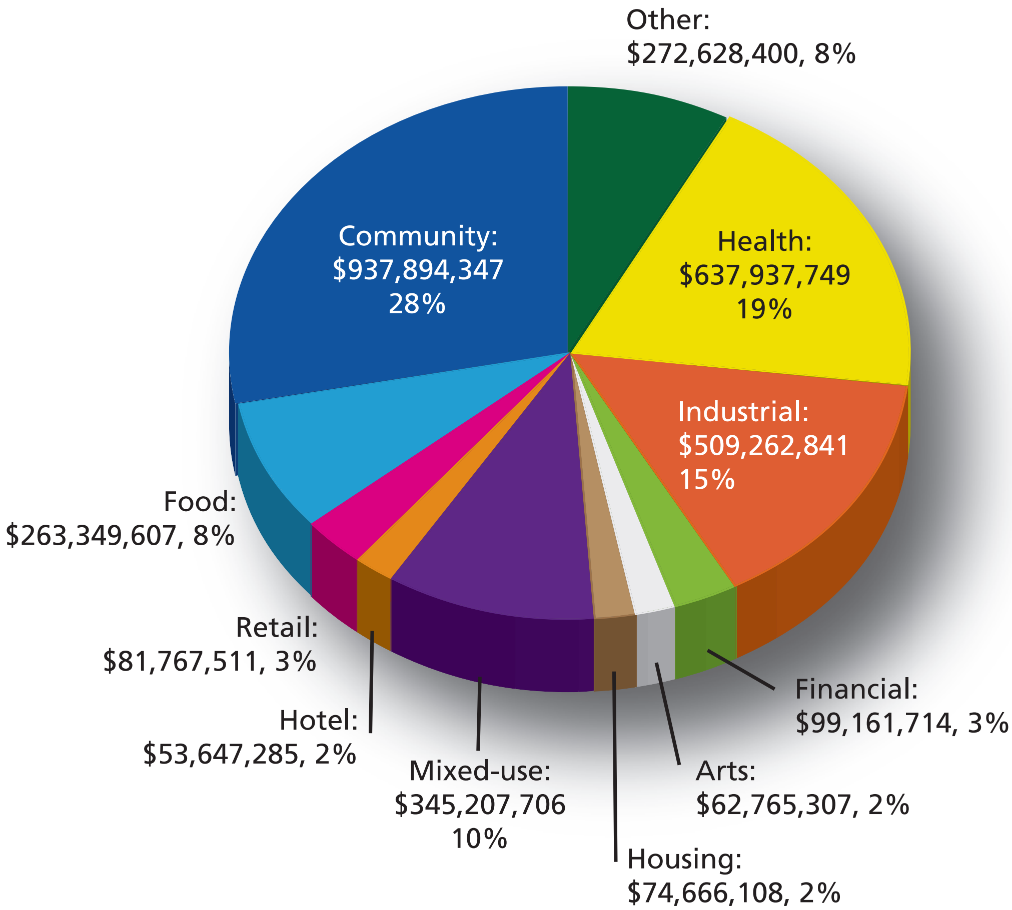
1 Note: Survey respondents reported $2.3 billion in QLICIs in calendar year 2012. They were also asked to report QLICI investment from other CDEs. This accounts for an additional $1 billion in QLICIs for a total of $3.3 billion.

Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

The flexibility of the NMTC allows CDEs to finance a broad range of projects benefiting low income communities, including the construction of Habitat for Humanity homes. On average, our annual surveys have shown approximately 2 percent of QLICIs financing single family housing. For example, in April 2012, with the help of Smith NMTC Associates and its innovative NMTC model, CEI Capital Management LLC (CCML) provided $1.9 million in NMTC financing to Habitat for Humanity of Omaha for the construction of 14 new, affordable, homes in North Omaha, Nebraska, a neighborhood plagued by high rates of poverty, unemployment, and crime.

Future homeowners and volunteers investing “sweat equity” at a Habitat Omaha home.

CDE Survey of 2012 NMTC Activity
Chart 11: Types of Businesses Financed by Dollar Amount of Investments (QLICIs)



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

It was reported that fourteen percent of NMTC investment went to industrial or manufacturing businesses like Continental Tire, which used NMTC financing from Urban America, LLC to construct a new facility in Sumter, SC, a community with an unemployment rate 1.5 times the national average.

Impact of NMTC: Jobs and Investment in Distressed Communities

South Carolina Governor Nikki Haley joins Continental executives and Sumter city officials for the Phase I groundbreaking.

The project will create an estimated 854 construction jobs and 1,700 permanent positions.

As referenced earlier, this year, CDE survey respondents reported on project-level investment activities during calendar year 2012. CDEs detailed the impact of each project, the amount of investment, and the characteristics of the surrounding community. This is the first year the NMTC Coalition survey has asked CDEs to report the number of jobs created.

Survey findings reinforce the impact data collected between 2003 and 2011 by the CDFI Fund as well as the data modeled by the NMTC Coalition's *NMTC Economic Impact Report* (December 2012). These findings show that the NMTC continues to serve as an effective tool for job creation and revitalization in some of our nation's most economically challenged communities.

Jobs

Survey respondents reported on the number of full-time jobs (permanent jobs contributing the operation of a business) and construction jobs (temporary jobs serving the construction or renovation of real estate) created in 2012. Respondents reported creating 20,251 full-time jobs and 27,570 construction jobs, for a total of 47,821 jobs in 2012.

CDE Survey of 2012 NMTC Activity
Table 5: Jobs Created by NMTC Projects Closing in 2012

Type of Jobs	Number of Jobs
Full time Jobs	20,251
Construction Jobs	27,570
Total Jobs	**47,821**

Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1 – December 31, 2012

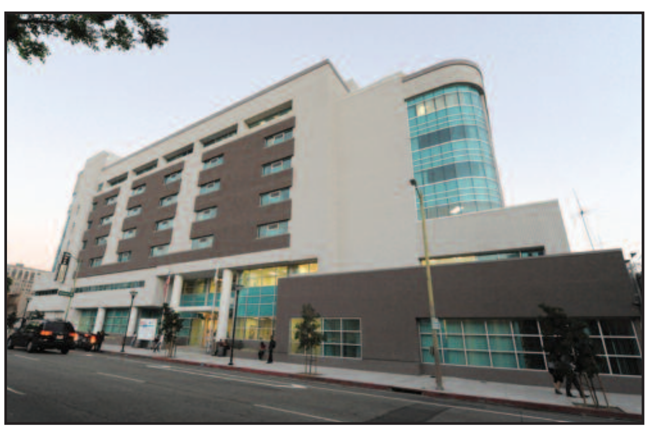
As was discussed earlier, respondents reported on the type of businesses receiving NMTC financing. Of the 20,251 full-time jobs created, more than half (10,428) were created in three sectors: industrial or manufacturing, healthcare, and community facilities. More than 75 percent of the construction jobs (19,150) were generated by real estate projects involving the construction of community facilities, healthcare facilities, industrial (or manufacturing) facilities, and mixed-use developments (see Table 6).

CDE Survey of 2012 NMTC Activity
Table 6: Jobs Created by Type of Business

Type of Business	Full-time jobs	Construction Jobs	Total
Arts	200	1,865	2,065
Community	2,731	6,646	9,377
Financial	1,624	660	2,284
Food	2,300	1,136	3,436
Health	5,013	4,603	9,616
Hotel	268	874	1,142
Housing	150	768	918
Industrial	2,684	3,809	6,493
Mixed-use	2,536	4,047	6,583
Retail	1,457	2,206	3,663
Other	1,289	956	2,245
Total	**20,251**	**27,570**	**47,821**

Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1 – December 31, 2012

CDEs responding to the survey reported creating jobs in 47 states plus the District of Columbia. For example, Enterprise Community Investment in Los Angeles, California used the NMTC to finance the construction of a new facility for the Greater Los Angeles YWCA, a project that created 535 construction jobs and retained 148 permanent jobs.



YWCA Greater Los Angeles Urban Campus

Characteristics of Communities Receiving Investments

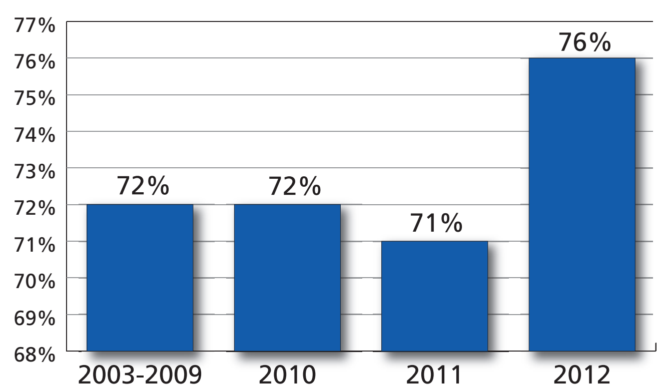
All NMTC investments are made in census tracts with high rates of poverty (at or above 20 percent) or low median incomes (below 80 percent of the area median income). While median incomes are based on area or statewide data, a community's poverty and unemployment rates are compared to national figures (see Figure 3).

Figure 3: Poverty and Unemployment in America

In the fall of 2012 the Census Bureau reported that for 2011, 50 million people or 15 percent of the population in the United States were living below the poverty line. The poverty line for a family of four was $23,022. This was the second highest poverty rate recorded since 1994. According to the Department of Labor and the Bureau of Labor Statistics the unemployment rate averaged 8.1 percent in 2012.

As in previous years, this survey found that CDEs continue to make investments in more ***highly distressed*** communities than the law requires. In fact, 2012 survey respondents reported a slight increase in their targeting of high-distress communities (See Chart 12).

CDE Survey of 2003-2012 NMTC Activity
Chart 12: Investments in Areas of Higher Distress



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

The survey data indicates CDEs are making investments in communities that far exceed the poverty or income thresholds required for NMTC investments (see Table 7). For example, 47 percent of NMTC projects reported were located in communities where the poverty rate exceeded 30 percent and 65 percent of the projects were in communities with unemployment rates 1.5 times the national average. There is also a high rate of investment in businesses in communities where the median income is 60 percent of the area median income.

CDE Survey of 2012 NMTC Activity
Table 7: Investments by Area of Higher Distress

Community Characteristic	Number of Projects	Percent of Projects	Total Project Funding
Poverty Rates Greater than 30%	129	47.3%	$2,473,855,227
Median Income Less than 60% of Area Median Income	149	54.6%	$3,341,054,227
Unemployment at Least 1.5 Times the National Average	177	64.8%	$3,827,108,803
Severe distress (one or more of the above characteristics)	**206**	**75.5%**	**$4,201,424,237**

Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity, January 1 – December 31, 2012

CDEs were particularly adept at creating jobs in communities with high unemployment (with unemployment rates 1.5 times the national average), creating 31,249 of the 47,821 total jobs (65 percent) in those communities. For example, Meredian Bioplastics, Inc. used NMTC financing to construct a new manufacturing facility that will create 190 construction jobs and result in up to 250 full-time jobs in Bainbridge, Georgia, a community with a high 13.3 percent unemployment rate.

Meredian's facility produces 30 million pounds bioplastics annually.

SPECIAL REPORT: THE NEW MARKETS TAX CREDIT AND TAX REFORM

Introduction

As the *2013 Progress Report* goes to press, it appears that reforming the tax code will be a major issue for the 113th Congress. The Chairmen of the Congressional tax writing committees – Representative Dave Camp (R-MI) of the House Ways and Means Committee and Senator Max Baucus (D-MT) of the Senate Finance Committee – have declared their intention to pass a tax reform bill before this Congress adjourns at the end of 2014.

The Obama Administration has proposed its own ideas on the tax reform. The *General Explanations of the Administration's Fiscal Year 2014 Revenue Proposals* (the so-called "Green Book") includes a call to Congress to 'immediately begin work on individual and business tax reform'.

For those interested in the New Markets Tax Credit, it is important to note that the Green Book also includes a permanent extension of the NMTC with $5 billion in annual credit authority and an exemption from the Alternative Minimum Tax for NMTC investments. Of the many, many business tax extenders, NMTC is one of only about a half dozen that received the Administration's endorsement for a permanent extension.

Tax Reform in the 113th Congress

Chairmen Camp and Baucus are taking a play from the playbook of the last successful effort to reform the tax code. When Congress last undertook tax reform in the mid-1980s, then Ways and Means Committee Chairman Dan Rostenkowski (D-IL) established a "Write Rosty" campaign as a way to build public support for what became the Tax Reform Act of 1986. Similarly, Camp and Baucus have established a website (taxreform.gov) and a twitter handle (@simplertaxes) to provide ordinary taxpayers with a means in which to make suggestions.

Camp and Baucus agree that the purpose of tax reform is to rid the code of complexity and unnecessary loopholes and tax expenditures, thereby broadening the base and lowering rates. However, there are areas of disagreement between the two Chairmen and their political parties, most notably on whether tax reform should be a vehicle to raise additional revenue or whether it should be revenue neutral.

Nonetheless, the process is already unfolding. Earlier this year, the House Ways and Means Committee established eleven bipartisan tax reform working groups to look at various issues in the tax code. Those working groups, each lead by a Republican and Democratic Member of the Committee, filed their reports on April 15th. On May 6th, the Congressional Joint Committee on Taxation (JCT) issued a report summarizing both current law and the reports filed by the working groups. The Ways and Means Committee is expected to hold hearings well into 2013 on tax reform legislation.

SPECIAL REPORT: THE NEW MARKETS TAX CREDIT AND TAX REFORM continued

In the Senate, Members of the Finance Committee are meeting weekly to discuss key tax reform issues. These are closed-door meetings at which Senators discuss and consider various options papers prepared by Finance Committee staff. The Finance Committee meetings have been described as informational and the process is expected to continue through June.

Tax Reform: Opportunity and Risk for the NMTC

Tax reform legislation presents an opportunity for supporters of the New Markets Tax Credit who have been frustrated by the uncertainty created by the annual or bi-annual NMTC extensions that have taken place four separate times since the original authorization expired in 2007. Tax reform provides a legislative vehicle for a permanent or indefinite extension of the NMTC and an end to the waiting game. However, it is worth noting that tax reform is not without peril for NMTC. Regardless of assumptions on the net revenue impact of tax reform, the formula to reduce tax rates will include elimination or reduction of some tax expenditures.

With this in mind, it is important to note that the NMTC has made significant contributions to the local economies in low income urban and rural communities. The NMTC has done this without creating more complications for individual taxpayers – virtually all investors are corporations or private financial institutions. In addition, while all NMTC investments benefit businesses in low income communities, the NMTC does not target a specific type or sector of business. Instead of Washington picking winners and losers, the NMTC places the project underwriting responsibility with community development organizations with deep ties to the communities in which they work. And finally, recent analysis by the NMTC Coalition, based on Treasury Department data, indicates that NMTC financed business and the jobs created by these businesses generate a substantial amount of tax revenue that offsets the revenue loss caused by the credit.

The NMTC is an established program with a record of achievement and the NMTC Coalition urges Congress to take the following steps to improve the efficiency of NMTC:

1. Permanently extend the New Markets Tax Credit;
2. Increase in annual credit authority to at least $4.8 billion in 2014 and provide for an inflation adjustment to that amount in the out years; and
3. Exempt NMTC investments from the Alternative Minimum Tax (AMT).

There are a number of important arguments in favor of expanding and extending the NMTC as part of tax reform:

1. **Over $55 billion to Communities** – The purpose of the NMTC is to provide a modest incentive to deliver private sector capital into economically distressed urban and rural

SPECIAL REPORT: THE NEW MARKETS TAX CREDIT AND TAX REFORM continued

communities. There is little dispute the NMTC has succeeded in that regard. Between 2003 and 2011, the total investment in NMTC financed businesses came to $55 billion[7], of which nearly $27 billion was NMTC capital, with the balance coming from other sources.

While the Credit was launched in a time of relative economic prosperity, the recession and slow return to growth have made NMTC an important tool for revitalizing communities hit hard by the downturn in the national economy.

Some 71 percent of NMTC investments were made in some of the poorest urban and rural communities in America with the characteristics of economic distress far exceeding that required by law. Of the total dollar amount invested in NMTC-eligible census tracts between 2003 and 2011:

- More than 50 percent was invested in communities with unemployment rates more than 1.5 times the national average;
- More than 55 percent was invested in communities where incomes were less than 60 percent of area median; and
- Nearly 48 percent was invested in communities where poverty rates exceeded 30 percent.

2. **A Cost Effective Job Creation Tool that Pays for Itself** – The mobilization of capital has positively impacted communities, providing loans to small business, and financing for commercial, industrial, health care, and day care facilities. With this activity comes a substantial level of job creation. Between 2003 and 2011, the businesses financed by NMTC directly generated some 358,832 jobs, including 111,277 full-time jobs and 247,555 construction jobs[8]. In 2011 alone, $5 billion in NMTC investments created over 83,000 jobs. Nearly $1 billion (about 20 percent) went to non-metro communities.

   The cost of this economic activity – in terms of revenue forgone by the federal government – has been relatively modest. NMTC financing cost the federal government $7 billion in revenue lost[9], resulting in a cost per job of $19,500.[10] Another way of looking at it is that the government's investment of $7 billion resulted in $55 billion in investments in distressed communities, a return of nearly 8 to 1.

---

7 NMTC Coalition Preliminary Estimate of Total Project Costs 2003-2011.

8 CDFI Fund FY 2012 Year in Review.

9 Based on Joint Committee on Taxation estimates.

10 While the nominal rate for the investor in NMTC is a 39 percent credit taken against federal income taxes over seven years, the effective rate in terms of revenue loss and cost to the government is 26 percent.

SPECIAL REPORT: THE NEW MARKETS TAX CREDIT AND TAX REFORM continued

Upon further examination, this record is even more impressive. In December, 2012 the New Markets Tax Credit Coalition released an economic impact report with the purpose of ascertaining the result of NMTC investments in terms of jobs and tax revenue generated. The report analyzed NMTC transaction data between 2003 and 2010. Among its findings:

- NMTC investments between 2003 and 2010 are responsible for creating over 500,000 jobs in economically distressed communities across America (see table below);

Jobs Generated, 2003-2010
2012 NMTC Economic Impact Report

Category	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Construction	171,804	65,822	97,711	335,337
Operational	124,773	31,058	44,706	200,537
Total	**296,577**	**96,880**	**142,417**	**535,874**

Source: 2012 NMTC Economic Impact Report, NMTC Coalition

- These investments in businesses in low income communities and the jobs created by those businesses generated over $5.3 billion in federal tax revenue and more than $3 billion in state and local tax revenue between 2003 and 2010;
- The federal tax revenue generated by NMTC investments more than covers the cost of the program, as measured in terms of foregone federal tax revenue (see table below); and
- Through 2010, NMTC investments directly generated over 124,000 operational (permanent) jobs. In 2010 alone, NMTC investments in operational activities generated almost $1.1 billion in federal tax revenue, easily offsetting the estimated $720 million cost of the program for the federal government and providing a 50 percent return on the federal investment.

Federal Return on Investment
2012 NMTC Economic Impact Report

Category	Amount
Federal Revenue from Operational Jobs (2010)	$3,535,868,962
Federal Revenue from Construction Jobs (2003-2010)	$1,850,938,603
Total Federal Revenue Reported	**$5,386,807,565**
Estimated Cost to Federal Government	**$5,273,856,987**

Source: 2012 NMTC Economic Impact Report, NMTC Coalition

SPECIAL REPORT: THE NEW MARKETS TAX CREDIT AND TAX REFORM continued

3. **A Unique and Flexible Economic Development Incentive** – Any examination of tax credits and expenditures will include questions of duplication and overlap. In 2012 the General Accounting Office released a report on this issue as it relates to community development tax expenditures. According to that report[11] annual tax expenditures on community development total $10 billion. Of this amount, over $7 billion supports the development of rental housing, which benefits low income households but not necessarily low income communities.

   The New Markets Tax Credit makes up only about 7 percent of annual tax expenditures for community development. However, the NMTC stands alone as the sole economic development incentive generally available for low income communities. The NMTC transforms private sector capital into patient, flexible capital for credit-starved businesses in low income communities and is the only incentive that provides both (1) the flexibility to finance a variety of businesses and projects in these communities along with (2) an effective established system to deliver that financing.

   In the same vein, it is important to note the status of federal community development spending overall. Because of reductions in federal spending, tax expenditures for community development are an increasingly important element in the federal support for housing, economic, and community development. According to data from OMB, as measured as percentage of GDP, federal spending for community development – HUD, Agriculture, Commerce, and Interior – has fallen by 75 percent since 1980[12]. Indeed in FY 2012, federal community development spending fell by 17 percent and in FY 2013 that amount was reduced by at least 5 percent more due to the sequester required by the Budget Control Act.

4. **A Proven Incentive for Private Sector Investment** – There is substantial evidence the NMTC is an effective incentive that encourages private sector investment in underserved low income areas. A 2007 report[13] published by the United States Government Accountability Office indicated that 88 percent of investors surveyed would not have made the investment in the low income community without the NMTC, and a total of 69 percent of the investors indicated they had not made an investment in a low income community project prior to working with NMTC. During the economic difficulties of 2008 and 2009, NMTC private sector investment averaged about $3 billion annually. In 2010 and 2011, with the economy improving (slightly) and the increased certainty of a multi-year extension, private sector investments in NMTC took off. Investments in 2010 totaled $4.8 billion and in 2011 investments totaled $5.7 billion, the most ever and 67 percent higher than 2009. Investment remained high in 2012 at $5.2 billion.

---

11 United States Government Accountability Office (2012). "Limited Information on the Use and Effectiveness of Tax Expenditures Could Be Mitigated Through Congressional Attention." GAO-12-262.

12 United States Office of Management and Budget, Historical Tables – FY 1976 – FY 2013.

13 U.S. Government Accountability Office. (2007). Report to Congressional Committees, GAO-07-296, Tax Policy.

SPECIAL REPORT: THE NEW MARKETS TAX CREDIT AND TAX REFORM continued

Some have questioned whether the Community Reinvestment Act (CRA) adequately drives investment to distressed communities. CRA, authorized in 1977, requires regulated financial institutions "to help meet the credit needs of the local communities in which they are chartered consistent with the safe and sound operation of such institutions." While CRA has effectively prompted banks to lend, invest and provide services to low and moderate income communities, and while banks receive CRA credit for NMTC investments, it is safe to say that banks would not be investing in the typical NMTC business if not for the Credit.

In fact, there is not a specific requirement nor is there an incentive in CRA for banks to lend in the very low income communities that are the target of NMTC investments. An analysis of CRA data compiled by the Institute for a Competitive Inner City indicates that the lowest income census tracts in inner cities receive only about 79 percent of the loans they would expect to receive based on the number of firms operating in those census tracts.[14] CRA alone does not ensure that underserved communities low income communities receive the capital they need.

5. **Further increases to the efficiency of the NMTC** – Congress can take steps to increase the NMTC's efficiency. The real obstacles to greater efficiency are the lack of a long term time horizon for the program and an exemption from the Alternative Minimum Tax (AMT) for NMTC investments. A long term or permanent authorization will provide investors and CDEs more time to plan and invest in the infrastructure necessary to support the program.

   Exemption from the AMT would diversify the pool of investors who could invest in the NMTC. Unlike other investment tax credits – including the Low Income Housing Tax Credit and the Historic Tax Credit – NMTC investments are subject to the AMT. Providing an AMT exemption for NMTC investments would bring the NMTC in line with those other credits and open up the NMTC investor market to new investors, including community banks and corporate investors who are currently restrained by AMT. Broadening the NMTC investor base would increase competition and efficiency, leading to better pricing, and driving even more subsidy to businesses operating in NMTC qualified communities.

In summary, NMTC has met its essential purpose of incentivizing private sector investment in economically distressed urban and rural communities. It has done so at a relatively low cost to the government in terms of revenue forgone and with great efficiency in terms of cost per job.

---

14 Source: Federal Financial Institutions Examination Council (EFIEC), "Findings from Analysis of Nationwide Summary Statistics for Community Reinvestment Act Data," various years; Initiative for a Competitive Inner City analysis.

Appendix: A New Markets Tax Credit Timeline

2000	
December	■ NMTC Program signed into law as part of the *Community Renewal Tax Relief Act of 2000* (P.L. 106-554)
2001	
December	■ IRS released temporary NMTC regulations
	■ CDFI Fund issues CDE certification application
2002	
October	■ First-round allocation applications submitted to CDFI Fund with a $26 billion demand for $2.5 billion in available allocations
2003	
March	■ CDFI Fund awards $2.5 billion in first-round allocations
October	■ Second-round allocation applications submitted to CDFI Fund with a $30 billion demand for $3.5 billion in available allocations
2004	
March	■ IRS releases revised temporary NMTC regulations
May	■ CDFI Fund awards $3.5 billion in second-round allocations
October	■ *American Jobs Creation Act of 2004* (P.L. 108-357) passed with a provision expanding the definition of a low income community to include a Targeted Population
	■ Third-round allocation applications submitted to CDFI Fund with a $23 billion demand for $2 billion in available allocations
December	■ IRS releases final NMTC regulations
2005	
July	■ CDFI Fund awarded $2 billion in third-round allocations
Fall/Winter	■ Third-round allocation agreements signed
December	■ *Gulf Opportunity Zone Act of 2005* (P.L. 109-135) is signed into law providing an additional $1 billion in NMTC allocation authority for CDEs working in communities affected by Hurricane Katrina – (GO Zone)
2006	
March	■ CDFI Fund announced plans to award the first $600 million in Credits targeted to CDEs working in qualified communities in the GO Zone
June	■ CDFI Fund released fourth-round allocations and $600 million in Credits for the Go Zone
	■ IRS released notice on Targeted Populations
December	■ *Tax Relief and Health Care Act of 2006* (P.L. 109-432) is signed into law with language to ensure non-metro communities secure a proportional allocation of NMTC investments

continued on p.28

2007	
March	■ Fifth-round allocation applications submitted to CDFI Fund with $28 billion in demand for $3.5 billion in available allocations
April	■ *New Markets Tax Credit Extension Act of 2007* (H.R. 2075, S. 1239) is introduced by Congressmen Neal (D-MA) and Lewis (R-KY) and Senators Rockefeller (D-WV) and Snowe (R-ME)
October	■ CDFI Fund awarded $3.5 billion in fifth-round allocations, and $400 million in allocations for the GO Zone
2008	
February	■ President Bush calls for one-year extension of the NMTC in his Fiscal 2009 Budget
March	■ Sixth-round allocation applications submitted to the CDFI Fund with $21 billion in demand for $3.5 billion in available allocations
October	■ CDFI Fund awarded $3.5 billion in sixth-round allocations
2009	
February	■ The *American Recovery and Reinvestment Act (*ARRA) was signed into law adding $3 billion in NMTC allocation authority equally divided between 2008 (sixth-round) and 2009 (seventh-round) bringing the annual NMTC allocation authority to $5 billion
April	■ Seventh-round allocation applications submitted to the CDFI Fund with $23 billion in demand for $5 billion in available allocations
May	■ CDFI Fund awarded $1.5 billion in 2008 allocations made available through ARRA to 32 CDEs
	■ *New Markets Tax Credit Extension Act of 2009* (H.R. 2628) is introduced by Congressmen Neal (D-MA) and Tiberi (R-OH)
August	■ *New Markets Tax Credit Extension Act of 2009* (S. 1583) is introduced by Senators Rockefeller (D-WV) and Snowe (R-ME)
December	■ The House passed the *Tax Extender Act of 2009* (HR 4213) with language extending the NMTC through 2010 with $5 billion in NMTC allocation authority
2010	
February	■ President Obama's 2012 Budget calls for a two-year extension of the NMTC, through 2012, with AMT relief for NMTC investors
April	■ CDFI Fund releases eighth-round allocation applications for $5 billion in allocation authority
June	■ Eighth-round NMTC allocation applications submitted to the CDFI Fund with $23.5 billion in demand
	■ IRS issued revenue ruling clarifying that an individuals' acquisition of a QEI in a CDE is not subject to passive activity limitations
September	■ The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010* (111-312) providing a two-year extension of the NMTC (2010 and 2012) with annual credit authority of $3.5 billion (the pre-ARRA allocation level)

2011	
February	■ President Obama's 2013 Budget calls for a one-year extension of the NMTC, through 2013, with $5 billion in NMTC allocation authority and AMT relief for NMTC investors
April	■ CDFI Fund awarded $3.5 billion in 2010 allocations to 99 CDEs
May	■ *New Markets Tax Credit Extension Act of 2012* (S. 996) is introduced by Senators Rockefeller (D-WV) and Snowe (R-ME)
June	■ Ninth-round allocation applications submitted to the CDFI Fund with $23.5 billion in demand
July	■ *New Markets Tax Credit Extension Act of 2012* (HR 2655) is introduced by Representatives Gerlach (R-PA) and Neal (D-MA)
December	■ Nearly 1,000 NMTC investors, CDEs, and businesses sign a NMTC Coalition to Congress calling for immediate passage of NMTC extender legislation before the close of the 111th Congress
2012	
February	■ President Obama's FY 2013 Budget calls for a two-year extension of the NMTC with $5 billion in NMTC allocation authority per year and AMT relief for NMTC investors
March	■ CDFI Fund awarded $3.6 billion in 2012 allocations to 70 CDEs
August	■ Senate Finance Committee marks up tax extenders package that includes two-year extension of the NMTC with $3.5 billion in annual allocation authority
2013	
January	■ NMTC is extended for 2 years (2012/2013) as part of the American Taxpayer Relief Act of 2012 (P.L. 112–240), Extension provides $3.5 billion in annual allocation authority
April	■ President Obama's FY 2014 Budget calls for NMTC permanence at a level of $5 billion in annual allocation authority ■ The CDFI Fund awarded $3.5 billion in 2012 allocations to 85 CDEs

New Markets Tax Credit Coalition

1331 G Street, NW, 10th Floor
Washington, DC 20005
202-204-4500 (Phone)
202-393-3034 (Fax)
www.nmtccoalition.org