

NEW MARKETS TAX CREDIT COALITION

Fact Sheet: The New Markets Tax Credit

The New Markets Tax Credit (NMTC), authorized in the Community Renewal Tax Relief Act of 2000, was designed to stimulate investment and economic growth in low-income communities that are traditionally overlooked by conventional capital markets. The NMTC program attracts capital to low income communities by providing private investors with a 39 percent federal tax credit for investments made in businesses or economic development projects located in some of the most distressed communities in the nation – census tracts where the individual poverty rate is at least 20 percent or where median family income does not exceed 80 percent of the area median.

THE NEW MARKETS TAX CREDIT EXTENSION ACT OF 2011 (S. 996/ H.R. 2655)

- The NMTC Extension Act of 2011 would extend the NMTC for 5 years, through 2016, and provide \$5 billion in annual allocation authority.
- In addition, the NMTC Extension Act of 2011 would provide Alternative Minimum Tax (AMT) exemption for NMTC investments, thereby ensuring NMTC investors the same consideration under the AMT as is currently provided to investors in many other federal tax credits including the Low Income Housing Tax Credit and the Historic Tax Credit.

JOB CREATION AND COMMUNITY IMPACT

- All NMTC investments are made in economically distressed communities with over 60 percent of all NMTC investments going to areas with unemployment rates that are more than 1.5 times the national average.
- Examples of NMTC financed projects and businesses include: a supermarket in Columbus, Ohio as well as a small market in Northampton, Massachusetts; a health center in rural Louisiana as well as a community health center in downtown Harlem; a manufacturer of solar energy technology products in New Mexico and sustainable working forest projects in both Maine and West Virginia; a newspaper publisher in Reading, Pennsylvania and a pharmacy on the Flathead Indian reservation in Montana; as well as a series of revitalization projects in Iowa, Michigan and Virginia.
- As a result of the NMTC, hundreds of thousands of construction and full-time jobs have been created in low income communities and small and medium-sized businesses have received financing not otherwise available in the market.

For additional Information on the New Markets Tax Credit visit the NMTC Coalition's website – www.nmtccoalition.org

New Markets Tax Credit Program: By the Numbers

\$30 billion: Amount of capital generated to date in investments to projects and businesses in low-income communities.

\$5.7 billion: Amount of NMTC equity investments in 2010 alone.

73 percent: The percent of NMTC investments made in designated areas of extreme economic distress.

300,000: Estimated number of jobs created or retained through NMTC investments using Recovery Act standards.

\$17,000: Amount of federal investment per job created under NMTC versus standard cost of \$92,000.

89 million: Square feet of manufacturing, retail, and community space developed with the support of NMTCs.

\$12: The amount of private investment generated for every \$1 of federal investment.

100 percent: Compliance rate for NMTC financed businesses and economic development projects.