

NEW MARKETS TAX CREDIT COALITION

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TAX PACKAGE INCLUDES 'HIDDEN GEM' FOR ECONOMICALLY DISTRESSED COMMUNITIES

Report Says New Markets Tax Credit Creates Jobs Reauthorization Likely to Fuel Recovery in Hard-Hit Areas

WASHINGTON, DC. (Dec. 15, 2010) – While debate about whether and how much rich Americans will benefit from the 2010 tax package may continue, there is one provision in the plan that will – without debate – benefit the poor, the unemployed and the economically challenged communities where they live.

In the bill, and vitally important to the many non-profit advocates and local officials who have come to support it, is a two-year, \$7 billion extension of the New Markets Tax Credit.

The New Markets Tax Credit provides federal tax credit benefits for investments and financing in businesses and community development projects located in urban and rural communities, characterized by high rates of poverty and unemployment. If the program's past performance is any predictor of its future, the extension of the credit bodes well for hard-hit communities.

In an analysis released last week, the New Markets Tax Credit Coalition, which has been lobbying for the program's renewal, reported that since its inception, the program has brought \$49.7 billion and 500,000 jobs to distressed communities throughout the nation, leveraging \$8 of private investment for every dollar of cost to the federal government, thereby costing taxpayers less than \$12,000 per job created or retained.

The Coalition projects that the extension of the credit will bring at least \$25 billion in investment and 270,000 jobs to targeted distressed areas.

Ron Phillips, the President of the Coalition's Board of Directors, says that the program has been a remarkable catalyst for job creation in economically distressed urban and rural communities.

For example, in Dubuque, Iowa, New Markets Tax Credits were the key to attracting private sector capital and generating more than 1,300 good paying jobs through the renovation of office space to attract a prominent technology company. In New Mexico, the New Markets Tax Credit was essential in securing a solar energy manufacturing facility in Mesa del Sol, a once distressed and underserved rural community in southeast Albuquerque that now boasts hundreds of jobs and will soon be a center of employment for 1,500 people. In Washington, DC, the Credit helped finance the first new supermarket in a generation in a neighborhood where the poverty rate is over 40% and the unemployment rate is four times the national average. More than 100 jobs were created through this project.

Based on the same research – an examination of 4,000 New Markets transactions, dating back to 2003 – that went into the analysis released last week, the Coalition now estimates that the inclusion of New Markets funding in the tax plan will result in:

- At least \$25 billion in new financing for community facilities, small businesses and industrial projects in communities hit hard by the recession, with most activity concentrated in areas where unemployment rates are at least 1.5 times the national average
- Creation or retention of 270,000 jobs, at a cost to the government of less than \$7,000 per job
- Leverage of \$18 billion in financing from other public and private sources at an actual cost to taxpayers of only \$1.8 billion over 10 years, based on Joint Tax Committee estimates

Additional highlights of NMTC financed projects featured in the report include: a permanent, state-of-the-art facility for a North Miami charter school; a health center in rural Louisiana, where no other hospitals are located within a 3-hour radius; and a series of revitalization projects that attracted employers and new residents to cities and towns with unemployment rates more than 1.5 times the national average in Michigan and Virginia.

“New Markets is a remarkably efficient and effective program, leveraging \$8 to \$15 in other financing for every dollar of federal cost.” Phillips said. “It’s a tremendously important tool for all of us who do community development work. Though it hasn’t received as much attention as some of the other provisions in the tax plan, we consider it a hidden gem. We’re eager to see the plan passed and this program renewed so that the work of bringing jobs, businesses and opportunities to struggling neighborhoods can continue.”

The US Department of the Treasury, which administers the New Markets program, currently has more than \$23 billion in pending applications for the Credit. “We hope that Congress will pass the tax package before the end of the year so Treasury can move to award its 2010 Credits and community development entities can continue their work financing business and creating jobs and opportunities in low income communities,” said Phillips.

The New Markets Tax Credit program was officially created in December 2000 when President Bill Clinton signed into law the Community Renewal Tax Relief Act, a result of his collaboration with Speaker of the House Dennis Hastert. More information about the program, as well as the full report on its impact over the last ten years is available at www.nmtccoalition.org.

About New Markets Tax Credit Coalition

The NMTC Coalition is a national membership organization that includes representatives from over 150 institutions and conducts research on and advocacy for the New Markets Tax Credit. The coalition hosts two annual conferences and regularly publishes the NMTC Bulletin. The Coalition is managed by Rapoza Associates, a public interest lobbying, policy analysis and government relations firm located in Washington, DC.