



NEW MARKETS
TAX CREDIT COALITION



NEW **MARKETS** TAX CREDIT **New Member Briefing Report** Congresswoman Elissa Slotkin

MI-08

nmtcoalition.org

A report on the loans and investments in Michigan's 8th CD and beyond
Above: Knapp's Center in Lansing, MI

NMTC IMPACT IN MICHIGAN

JOBS AND INVESTMENT

—now—
HIRING **29K**
JOBS STATEWIDE

The NMTC created 29,097 Michigan jobs, including:

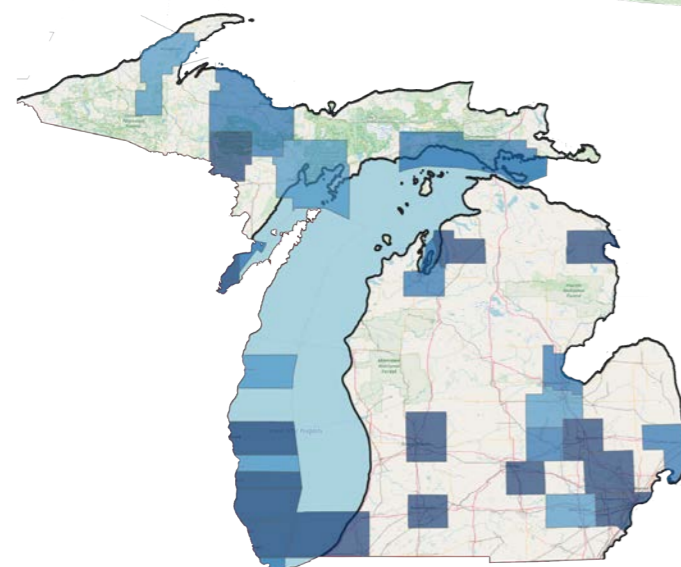
- 13,484 construction jobs;
- 15,613 full-time-equivalent jobs.

 **106**
PROJECTS FINANCED IN MICHIGAN

The NMTC made 106 Michigan projects possible, including manufacturing expansions, business incubators, hospitals, vocational training centers, and daycare centers.

 **\$2.4B**
IN TOTAL CAPITAL TO MICHIGAN

The NMTC delivered \$2.4 billion to Michigan businesses and revitalization projects that would not have been possible but-for the NMTC.



**NMTC Investment by County
2003-2018**

- \$0 - \$100,000
- \$100,000 - \$250,000
- \$250,000 - \$500,000
- \$500,000 - \$1,000,000
- \$1,000,000 - \$10,000,000
- \$10,000,000 - \$50,000,000
- \$50,000,000+

Through September 30, 2018

NMTC IMPACT IN MI-08

INVESTMENT AND PROJECT EXAMPLES

 **6**
PROJECTS FINANCED IN MI-08

6 NMTC projects have been financed in Michigan's 8th Congressional District.

 **\$99.4M**
IN TOTAL CAPITAL IN MI-08

The NMTC delivered \$99.4 million in total capital to businesses and revitalization projects in Michigan's 8th Congressional District.



Knapp's Centre Lansing, MI

A mixed-use project including residential space for 23 mixed-income apartments and a 10,000 sq. ft. small business incubator space



Peckham Vocational Industries Lansing, MI

A 191,000 sq. ft. addition to a for a nonprofit that provides job training and employment to persons with disabilities and/or other socio-economic barriers to employment.

ABOUT THE NMTC

AFTER DECADES OF CUTS TO COMMUNITY DEVELOPMENT GRANT PROGRAMS, COMMUNITIES INCREASINGLY COUNT ON THE NEW MARKETS TAX CREDIT TO MAKE IMPORTANT INVESTMENTS POSSIBLE

The New Markets Tax Credit (NMTC) is an important source of financing for businesses and community facilities in America's most distressed rural and urban communities. Congress authorized the NMTC in 2000 to bring down the cost of capital in communities outside of the economic mainstream. Taxpayers receive a 39 percent tax credit (taken over seven years) for qualified investments into Community Development Entities (CDEs), organizations with a track record of loans and investments in underserved areas. CDEs use the proceeds of those investments to finance business expansions, community facilities, and other projects prioritized by communities.

ECONOMIC IMPACT

CREATING JOBS

The NMTC has delivered \$80 billion total project financing to over 5,000 projects, creating 1,000,000 jobs at a cost to the federal government of less than \$20,000 per job.

JUMP-STARTING MANUFACTURING

From the outfitting of maker-spaces to the construction of large plants, the NMTC provides nearly \$1 billion annually to manufacturing & industrial facilities.

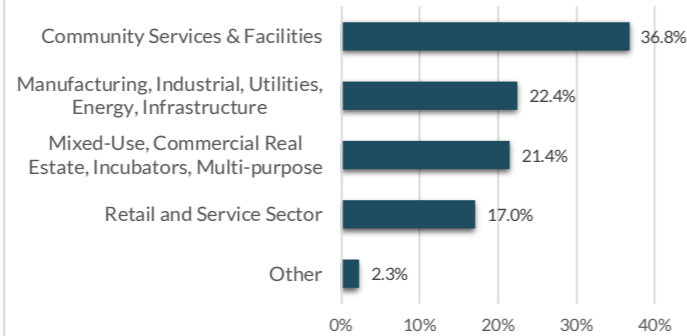
ENHANCING SERVICES

Over one-third of NMTC financing goes to YMCAs, hospitals, childcare centers, nonprofits, arts & cultural amenities, & other facilities vital to healthy communities.

INDEPENDENT EVALUATION

An independent compliance review by Summit Consulting found that program participants are significantly lowering the cost of capital for borrowers in low-income communities and exceeding statutory and regulatory requirements for the targeting of economic distress.

Projects by Category



EXTENSION LEGISLATION

The NMTC expires December 31, 2019. Without the NMTC, hard-hit communities will lose access to billions of dollars for high-impact projects.

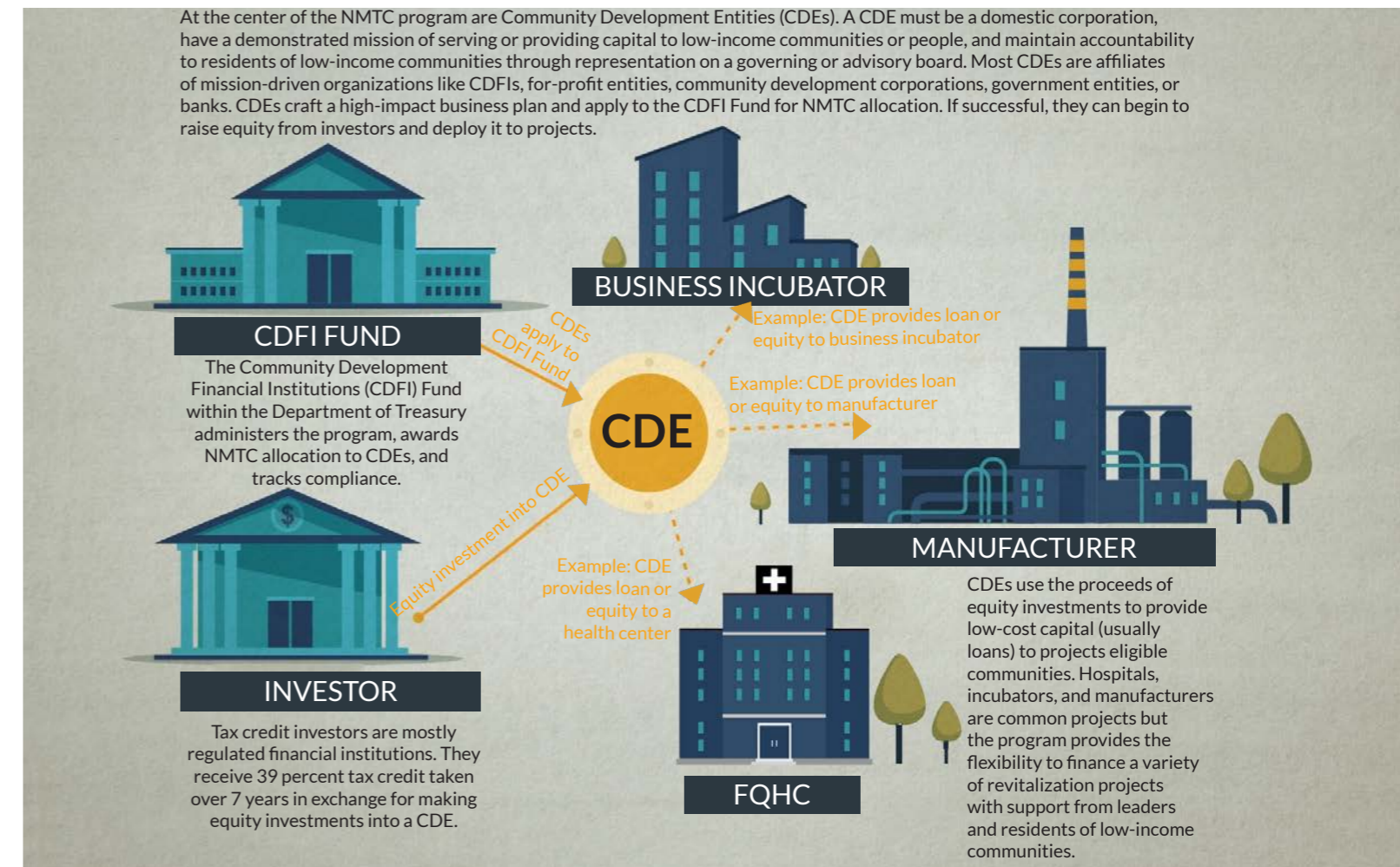
Extension legislation has been introduced by Sens. Roy Blunt (R-MO) and Ben Cardin (D-MD) in the Senate and Reps. Terri Sewell (D-AL) and Tom Reed (R-NY) in the House. **The New Markets Tax Credit Extension Act of 2019 (H.R. 1680/S. 750).**

The legislation would: provide an indefinite extension to the NMTC; increase allocation authority, adjusted for inflation; improve tax credit pricing and expand the investor-base by providing AMT relief to NMTC investors

In the 115th Congress, 123 members of the House and Senate from both parties cosponsored the NMTC Extension Act of 2017 (S. 384 and H.R. 1098).

HOW IT WORKS

MOBILIZING CAPITAL FOR HIGH-IMPACT PROJECTS



ELIGIBLE COMMUNITIES

NMTC projects must be located in census tracts with poverty rates of at least 20 percent or median incomes at or below 20 percent of the area median. However...

75% of NMTC projects are located in **severely distressed communities** that far exceed the statutory requirements for distress.

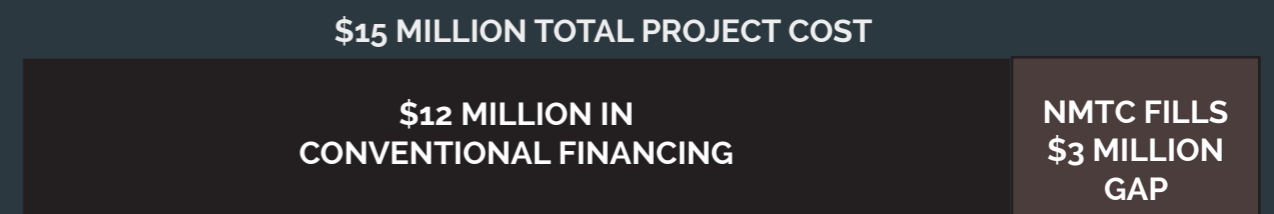
WHAT ABOUT RURAL?

The NMTC statute directs the CDFI Fund to ensure NMTC allocation reaches a proportional share of non-metropolitan counties.

23% of NMTC projects were located in non-metropolitan counties in 2017.

GAP FINANCING

Example: Imagine a business needs \$15 million to expand a production facility and purchase new equipment to meet growing demand. The business can only come up with \$12 million from a conventional lender. The NMTC fills the gap and makes the expansion possible.



ONLINE RESOURCES

NMTC Coalition:	nmtccoalition.org
State Fact Sheets:	nmtccoalition.org/state-fact-sheets
Project Maps	nmtccoalition.org/map
Project Profiles:	nmtccoalition.org/stories
How It Works Video:	nmtccoalition.org/how-it-works
Research:	nmtccoalition.org/research
Statute:	nmtccoalition.org/statute
CDFI Fund:	cdfifund.gov



Above: A student poses at Peckham Vocational Industries' training facility in Lansing.

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