NMTC Coalition Advocacy Legislative Asks and Talking Points

# Ask #1 and Ask #2: (1) Support a permanent extension of the NMTC by cosponsoring NMTC Extension Act (H.R. 1321/ S. 456) and (2) reach out to Congressional leadership and ask for the NMTC Extension Act to be included in any tax legislation.

* **The NMTC is not permanent:** The NMTC was extended for five years at $5B in annual authority last December. It expires in 2025.
* **The NMTC lacks an inflation adjustment:** The NMTC Extension Act would index the NMTC to inflation, like most tax policy.
* **Permanent tax policy is better tax policy:** It’s time for an end to this one foot on the gas, one foot on the break approach to tax policy. Communities, businesses, investors, and community development practitioners should be able to count on incentives like the NMTC.
* **Bipartisan agreement:** The bipartisan NMTC Extension Act of 2021 has the support of 108 Representatives (including a majority of the Ways and Means Committee) and 22 Senators evenly spread across both parties. Existing cosponsors: <https://nmtccoalition.org/extension-bills>
* **Community support**: Last year, over 700 businesses, community leaders, cities, nonprofits, and community development organizations wrote to Congress asking for a permanent extension of the program. <https://nmtccoalition.org/sign-on-letters>
* **Efficiency Gains:** Providing AMT relief for investors Diversifies investor market, helping the maintain efficiency during recessions when the NMTC is needed most.
* **Low cost:** Congress has an opportunity to make one of the federal government’s most successful community development programs permanent at the low, ten-year cost of $1.38 billion, according to the Joint Committee on Taxation.
  + **It will never be cheaper to make the NMTC permanent.**
  + Here’s what a permanent NMTC extension (along the lines of the bipartisan NMTC Extension Act of 2021) gets you through 2031:
* $35.8 billion in newly authorized NMTC allocation
  + - Total project financing of $71.3 billion to over 4,300 projects in low-income communitie, including $16.8 billion in total project financing to rural America.
    - 583k jobs, including 366k permanent, full-time jobs, and 217k construction jobs, **all at a cost per job of under $3,000.**

# Ask #3: Project community development tax incentives from adverse effects of the Pillar II treaty.

* **Pillar Could Upend Investors’ Participation in the NMTC:** Nearly all NMTC investments come from corporations. NMTC investors are essential partners in the NMTC program, providing the private-sector capital necessary for CDEs to invest in meaningful community and economic development projects in underserved areas. This approach has been tremendously successful, but the Pillar II treaty may upend investors participation in the NMTC program.
* **Which Investors are Impacted**? Statistics on Investor Participation (2016-2020):Over the past 5 years, 18 NMTC investors were multi-national corporations or have a significant international footprint. These investors accounted for 90% of all NMTC equity investments.
* **Impact on Pricing:** Investors must compete for NMTCs, and a competitive investor market boosts the benefit for NMTC-eligible communities. If the treaty goes forward without amendment, the NMTC industry could see a significant decline in demand from investors for NMTCs.. Investors take the credit over seven years, so the impact of the treaty on credit pricing will be apparent long before it goes into effect.
* **Why demand matters:** When the price paid in exchange for the credit drops, the program loses efficiency, and we see a corresponding decrease in the amount of benefit reaching businesses and revitalization projects. Higher NMTC pricing also drives resources into areas of deeper distress. In 2010, about 72 percent of projects were located in severely distressed communities with economic conditions far exceeding the statutory requirements for economic distress. In 2018, with credit pricing around 86 cents, nearly 80 percent of projects were in severely distressed communities.

# General Stats and Talking Points on the NMTC

## National Stats (through 2021):

* **Driving investment:** Through 2021, the NMTC allocations - totaling nearly $64 billion - have delivered over $120 billion in total project financing to over 7,500 projects.
* **Improving services**: The NMTC has financed over 3,500 federally qualified health centers, schools, daycare centers, apprenticeship programs, treatment facilities, and other service providers.
* **Jump-starting manufacturing:** Over 1,700 manufacturing and industrial businesses financed to date.
* **Supporting entrepreneurs and small businesses:** 143 business incubators totaling $4.3 billion
  + 1,160 NMTC projects (15 percent) involve loans and investments to small businesses of $500,000 or less
* **Job creation: Directly created** over 1,000,000 jobs.
* **Targeting concentrated poverty:** In 2020, nearly 80 percent projects were in severely distressed areas.
* **Supporting rural America:** In 2020, over 20 percent of NMTC projects were in rural areas.

## Additional General Talking Points

* The NMTC increases the flow of capital to businesses and low-income communities by providing a modest tax incentive to private investors. The NMTC has proven to be an effective, targeted and cost-efficient financing tool valued by businesses, communities.
* From business expansions to new healthcare and childcare facilities, the NMTC program was designed as a flexible incentive for economic development that meets evolving community needs**. Instead of Washington picking winners and losers, the New Markets Tax Credit empowers local decision-making on important economic development projects.** The nonprofit and industry sectors receiving NMTC financing are diverse, reflecting a cross-section of the American economy.
* A 2017 evaluation and compliance study of the NMTC by the Summit Foundation found that program award winners are lowering the cost of capital in low-income communities, targeting areas of deep economic distress, and far exceeding the program requirements.
* **While the economy is improving, the cost of capital remains high in severely distressed communities.**The NMTC is a bipartisan solution for economic development in communities hit hardest by economic downturns and the dwindling job opportunities. We should invest in federal programs that work, and the NMTC fits that bill.