

Congress of the United States
Washington, DC 20515

December XX, 2022

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Pelosi, Chairman Neal, Leader McCarthy, Ranking Member Brady:

We write to indicate our support for including the provisions of HR 1321, the bipartisan New Markets Tax Credit Extension Act of 2021, in any tax extender legislation that comes before the final session of the 117th Congress. In addition to making the NMTC a permanent part of the Internal Revenue Code, H.R. 1321 sets the annual NMTC allocation at \$5 billion and indexes that amount for inflation in future years. It exempts NMTC investments from the Alternative Minimum Tax.

The NMTC was established in 2000 and has proved to be a cost-effective incentive that spurs private investment in low-income rural communities and urban neighborhoods where access to capital is often extremely limited. The NMTC attracts capital to underserved areas by providing private investors with a 39 percent credit against federal income taxes for investments made in some of the most distressed communities in the nation.

With the capital raised from tax credit investors, community development entities make loans and investments in businesses and economic development projects that otherwise might not get off the ground. Through 2021, NMTC allocations totaling \$64 billion have delivered more than \$120 billion¹ in total project financing to nearly 8,000 projects.

In 2021 alone, NMTC allocation of \$3.2 billion leveraged over \$6 billion of public and private capital to finance 277 businesses and projects, which generated 52,718 jobs in 2021, including 33,205 permanent full-time-equivalent jobs, and 19,513 construction jobs. The federal cost per job averaged just over \$15,000. Eighty-six percent of the businesses and projects were located in severely distressed communities, and a record 31 percent of NMTC financing went to non-metropolitan counties. Almost half were located in majority-minority census tracts.

The current NMTC authorization expires in 2025. However, Congress has an opportunity to make one of the federal government's most successful community development programs permanent at a low cost. According to Joint Committee on Taxation estimates, if enacted in 2022, a permanent extension of the NMTC will result in a ten-year revenue loss of \$1.38 billion.

It is apparent that the NMTC has a record of success in creating job and business opportunities and revitalizing rural and urban communities across America. A permanent extension will increase the efficiency and pricing of the NMTC, thereby allowing more subsidies to be available for businesses and projects in distressed rural and urban communities.

We urge you to include a permanent extension of the NMTC along the lines of HR 1321 in any tax extender legislation Congress considers this year.

Sincerely,

Terri A. Sewell
Member of Congress

Mike Kelly
Member of Congress