



# NEW **MARKETS** TAX CREDIT **New Member Briefing Report** Senator Kyrsten Sinema

**Arizona**

[nmtcoalition.org](http://nmtcoalition.org)

A report on the loans and investments in Arizona.  
Above: Phoenix Children's Hospital

# NMTC IMPACT IN ARIZONA

## JOBS AND INVESTMENT

**—now—**  
**HIRING** **17.8K**  
JOBS STATEWIDE

The NMTC created 17,756 Arizona jobs, including:

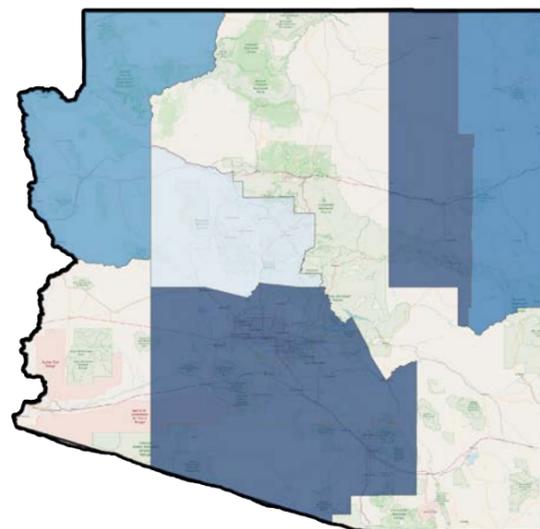
- 9,138 construction jobs;
- 8,618 full-time-equivalent jobs.

**84**  
PROJECTS FINANCED IN ARIZONA

The NMTC made 84 Arizona projects possible, including manufacturing expansions, business incubators, hospitals, vocational training centers, and daycare centers.

**\$1.4B**  
IN TOTAL CAPITAL TO ARIZONA

The NMTC delivered \$1.4 billion to Arizona 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

# ARIZONA PROJECT EXAMPLES



**Ehrmann Commonwealth Dairy**  
**Casa Grande, AZ**

A new 100,000 sq. ft. state-of-the-art yogurt manufacturing facility that allows Commonwealth Dairy to better serve retail partners on the West Coast. The new plant created over 100 manufacturing jobs in a neighborhood with a poverty rate of almost 50 percent.



**Phoenix Rescue Mission's  
Changing Lives Center**  
**Phoenix, AZ**

A specialized facility for homeless women and their children offering a comprehensive approach to breaking the cycle of addiction, abuse, trauma, and homelessness. The secured 77,000 sq. ft. campus is comprised of children's pre-school and after-school center, a multi-purpose building and 67 fully furnished dwelling units.



**Phoenix Children's Hospital**  
**Phoenix, AZ**

Build out of 45,000 sq. ft. the vacant 9th floor of the Phoenix Children's Hospital by adding 48 private rooms, equipment, and furnishings for the patients in need of pediatric acute care. The project created 90 full-time equivalent positions with an average wage of about \$65,500 and about 50 construction jobs.



**Mountain Park Health Center**  
**Tempe, AZ**

Financing to renovate a 35,000 sq. ft. space in order to relocate and expand a health clinic, which increased the number of exam rooms from 13 to 45 and allows Mountain Park to see 13,000 additional patients per year.

# 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.

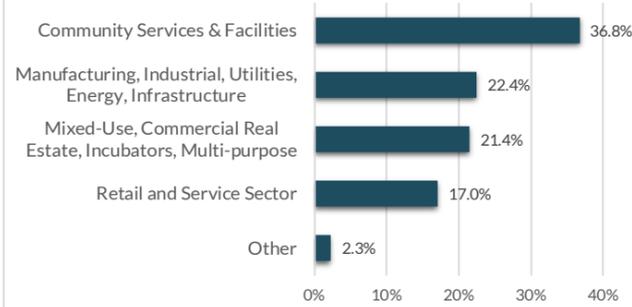
### ENHANCING SERVICES

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.

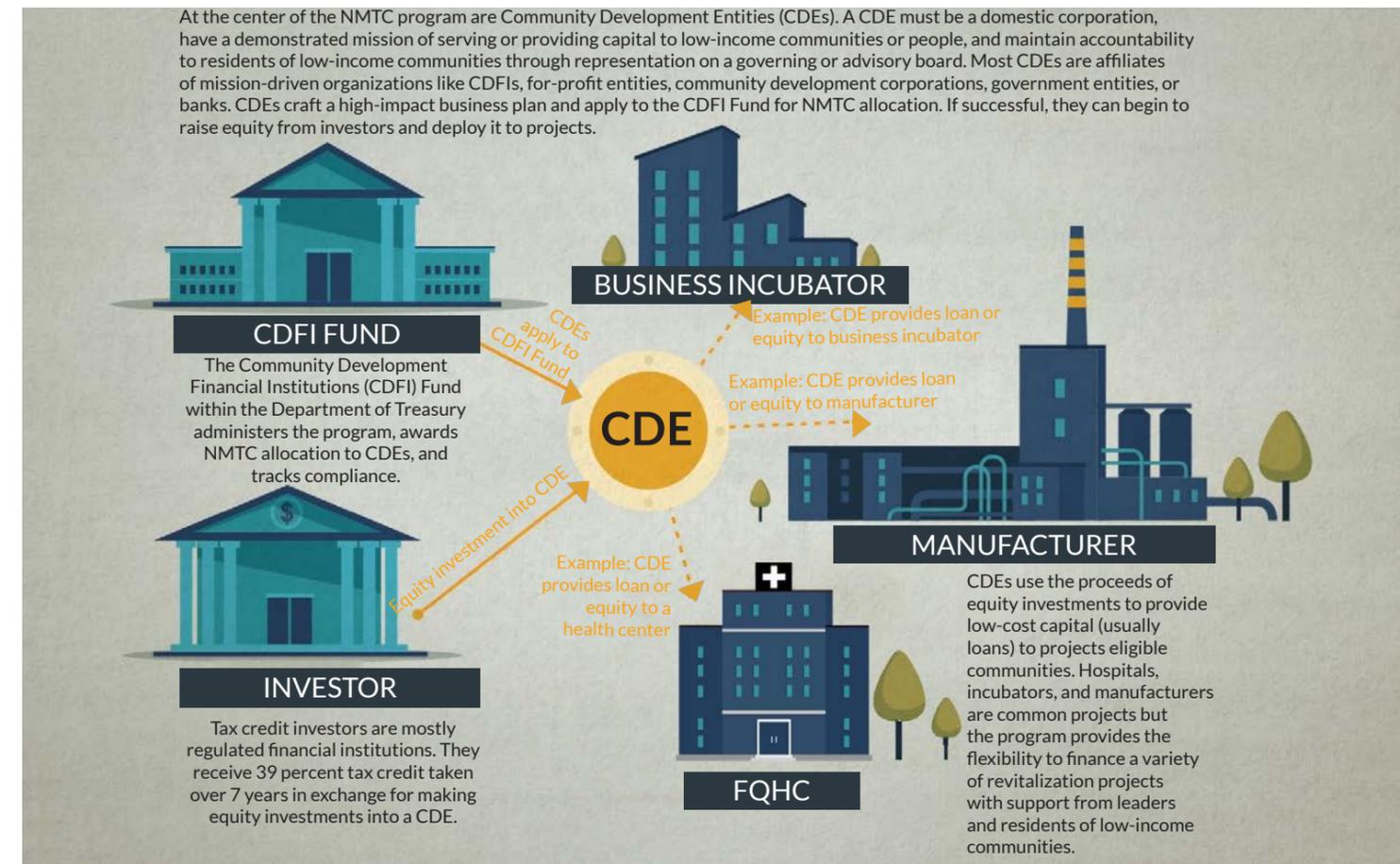
Extension legislation has been introduced by Sens. Roy Blunt (R-MO) and Ben Cardin (D-MD) in the Senate and Reps. Terri Sewell (D-AL) and Tom Reed (R-NY) in the House. **The New Markets Tax Credit Extension Act of 2019 (H.R. 1680/S. 750).**

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.

**\$15 MILLION TOTAL PROJECT COST**

**\$12 MILLION IN CONVENTIONAL FINANCING**

**NMTC FILLS \$3 MILLION GAP**

# ONLINE RESOURCES

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



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