

Congress of the United States
Washington, DC 20515

Cosponsor the New Markets Tax Credit Extension Act of 2019
Support Investment in Economically Distressed Rural and Urban Communities

Dear Colleague:

We invite you to join us in supporting the extension of the New Markets Tax Credit (NMTC) by co-sponsoring the New Markets Tax Credit Extension Act of 2019. The NMTC was extended for five years by the PATH Act in December 2015, and it expires on December 31, 2019.

In addition to making the NMTC a permanent part of the Internal Revenue Code, the New Markets Tax Credit Extension Act of 2019 will increase the annual NMTC allocation, index allocation to inflation in future years and exempt NMTC investments from the Alternative Minimum Tax (AMT).

The NMTC was established in 2000 and has proven 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. 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 business and economic development projects that otherwise might not get off the ground. While all NMTC investments benefit businesses in low-income communities, the NMTC does not target a specific type of business or sector. Instead of Washington picking winners and losers, the NMTC places the project underwriting responsibility with community development organizations with deep ties to the communities in which they work.

We have seen the NMTC at work in our districts. In Aliceville, Alabama, NMTC financing revitalized and transformed the Huyck Felt brick plant into a new wood pellet manufacturing facility – Westervelt Pellets-- creating 275 jobs. In Hornell, New York, a brand new YMCA opened its doors, thanks to financing from the NMTC. It brought much-needed employment to a rural community with a poverty rate near 40%, creating 15 construction jobs, retaining 16 full-time jobs and creating 4 new, full-time jobs. Nationwide, NMTC has delivered \$90 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.

According to the CDFI Fund, in 2017 alone, NMTC financing totaled \$2.48 billion, creating 4,000 permanent jobs and 19,000 construction jobs. Over 77 percent of NMTC activity was in severely distressed communities with poverty rates of at least 30%, median income not exceeding 60% of area median, or poverty rates at least 1.5 times the national average. A total of 23% of NMTC financed projects were located in rural areas. Further, according to

the Fund, every dollar invested by the federal government in NMTC results in \$8 of private investment in economically distressed communities.

For all these reasons, we are proposing a permanent extension of this important tax incentive. If NMTC is not extended, financing activity that rural and urban communities have depended to bring jobs, opportunity and services will cease.

Throughout its history, the NMTC has enjoyed bipartisan support from Congressional majorities of both parties. The reason: the NMTC is an essential tool for revitalizing in rural and urban communities across the country.

We hope you will join us in extending this important program. If you have any questions or would like to co-sponsor this bill, please contact Evan Giesemann (evan.giesemann@mail.house.gov) with Representative Sewell or Elise Tollefson (elise.tollefson@mail.house.gov) with Representative Reed.

Sincerely,



Terri A. Sewell
Member of Congress



Tom Reed
Member of Congress