

## FACT SHEET: THE NEW MARKETS TAX CREDIT (NMTC) EXTENSION ACT OF 2019

### S. 750, Leads: Roy Blunt (R-MO) & Ben Cardin (D-MD)

To cosponsor, contact Stefanie Dearie ([Stefanie\\_Dearie@blunt.senate.gov](mailto:Stefanie_Dearie@blunt.senate.gov)) with Blunt or Rohan Shetty ([Rohan\\_shetty@cardin.senate.gov](mailto:Rohan_shetty@cardin.senate.gov)) with Cardin.

#### SUMMARY

- Provides an indefinite extension of the NMTC, which expires in at the end of 2019.
- Increases the annual NMTC allocation level and indexes future allocation to inflation.
- Provides NMTC investors with relief from the Alternative Minimum Tax.

#### ABOUT THE NEW MARKETS TAX CREDIT

The 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, health centers, daycare facilities, business incubators, and other important revitalization projects.

#### ECONOMIC IMPACT

Areas Targeted	Jobs, Businesses, and Projects
<b>Eligible communities:</b> Census tracts with poverty rates at or above 20 percent or median incomes no more than 80 percent of the area median.	The NMTC has delivered over \$90 billion <sup>1</sup> total project financing to nearly 6,000 projects, creating 1,000,000 <sup>2</sup> jobs at a cost to the federal government of less than \$20,000 per job.
<b>Targeting concentrated poverty:</b> In 2017, 83 percent of NMTC projects were in communities exhibiting severe economic distress. <sup>3</sup>	<b>Improving services:</b> The NMTC has financed over 2,000 federally qualified health centers, schools, daycare centers, apprenticeship programs, treatment facilities, and other service providers.
<b>Supporting rural America:</b> In 2017, 23 percent of NMTC projects were in rural areas. <sup>4</sup>	<b>Jump-starting manufacturing:</b> Over 1,000 manufacturing and industrial businesses financed.

#### Independent Evaluation of the NMTC

An independent compliance review by Summit Consulting<sup>5</sup> 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.

For more information on the NMTC and projects by state, visit: [nmtccoalition.org/state-fact-sheets](http://nmtccoalition.org/state-fact-sheets)

<sup>1</sup> NMTC Coalition analysis of CDFI Fund data (2003-2016), its annual survey of CDEs (2017), and OCC data (2018).

<sup>2</sup> "The NMTC Economic Impact Report, 2003-2015." NMTC Coalition (December 2017).

<sup>3</sup> "2018 NMTC Progress Report." NMTC Coalition (June 2018)

<sup>4</sup> Ibid

<sup>5</sup> "Compliance Review of the NMTC Program." Summit Consulting (August 2017).