



# NEW MARKETS TAX CREDIT New Member Briefing Report Congresswoman Debbie Lesko

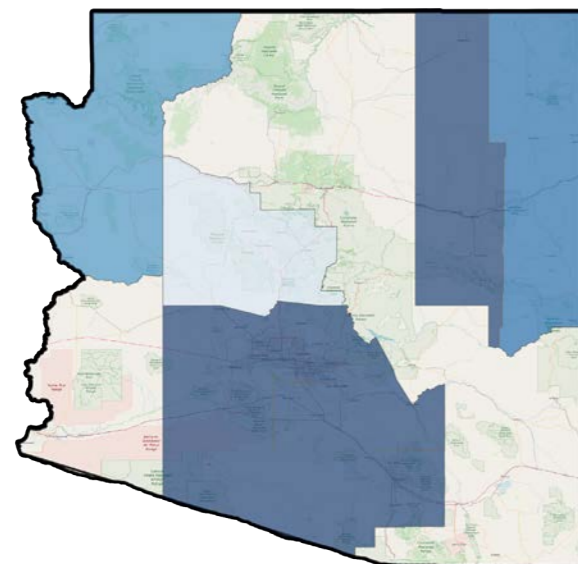
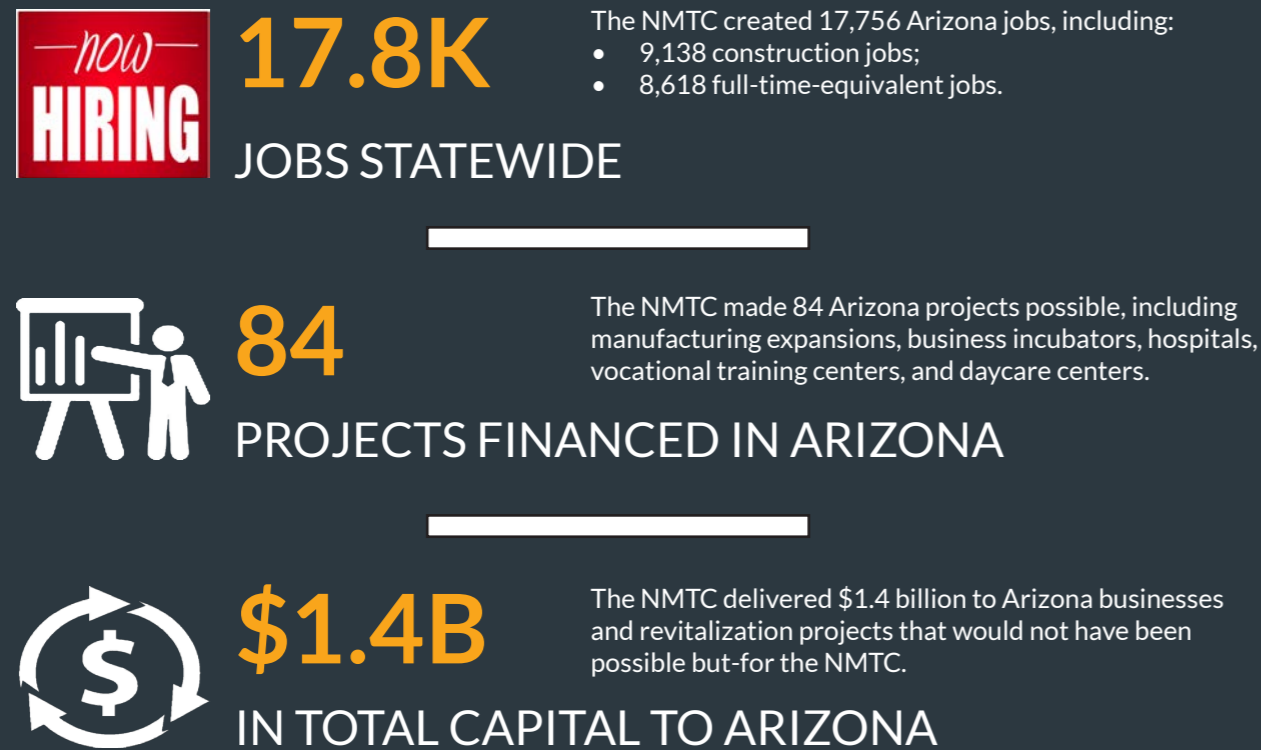
**AZ-08**

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

A report on the loans and investments in and around Arizona's 8th congressional district.  
Above: The Maryvale YMCA, serving the southeastern portion of the 8th

# NMTC IMPACT IN ARIZONA

## JOBS AND INVESTMENT



**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

# NMTC IMPACT IN AZ-08

## PROJECT EXAMPLE

### Maryvale YMCA

#### Maryvale Neighborhood, Phoenix, AZ

The Valley of the Sun YMCA secured more than \$6 million to build a new facility on six acres within the Maryvale community of Phoenix, just across the boundary from Arizona's 8th Congressional District. The new 32,000 square foot facility was built one year ahead of schedule as a result of the NMTC financing provided. The project provided a valuable community resource to a distressed neighborhood needing community resources for its youth.

The Maryvale YMCA included a gym for organized sporting events, a weight room/fitness area and a swimming pool. The facility has a Teen Center, which is used for educational and recreational programs, and community meeting rooms for classes, community functions and neighborhood meetings.

This project is the cornerstone of the "Hope Square" development. The Hope Square development is an expanding 18 acre social services campus. The surrounding community now has specialized playing fields for the disabled, a social services center, medical services, which will include a crisis pregnancy prevention center, a nursing school, an organization that specializes in the adoption of kids with special needs and a charter middle and high school.

The new YMCA assists the residents of Maryvale with youth programs and family services including: adult fitness activities which promote healthy lifestyles, build self-esteem and develop leadership qualities; youth activities including sports and aquatics safety; child care; summer day camp; and a juvenile justice program which provides diversion programs of counseling, behavior modification and personal growth for first-offender youths referred by the court.





# 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.

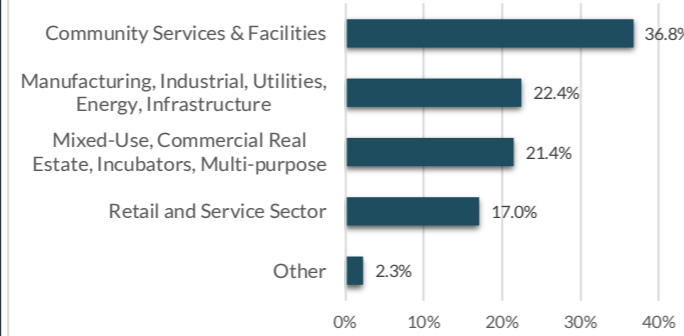
### ENHANCING SERVICES

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.

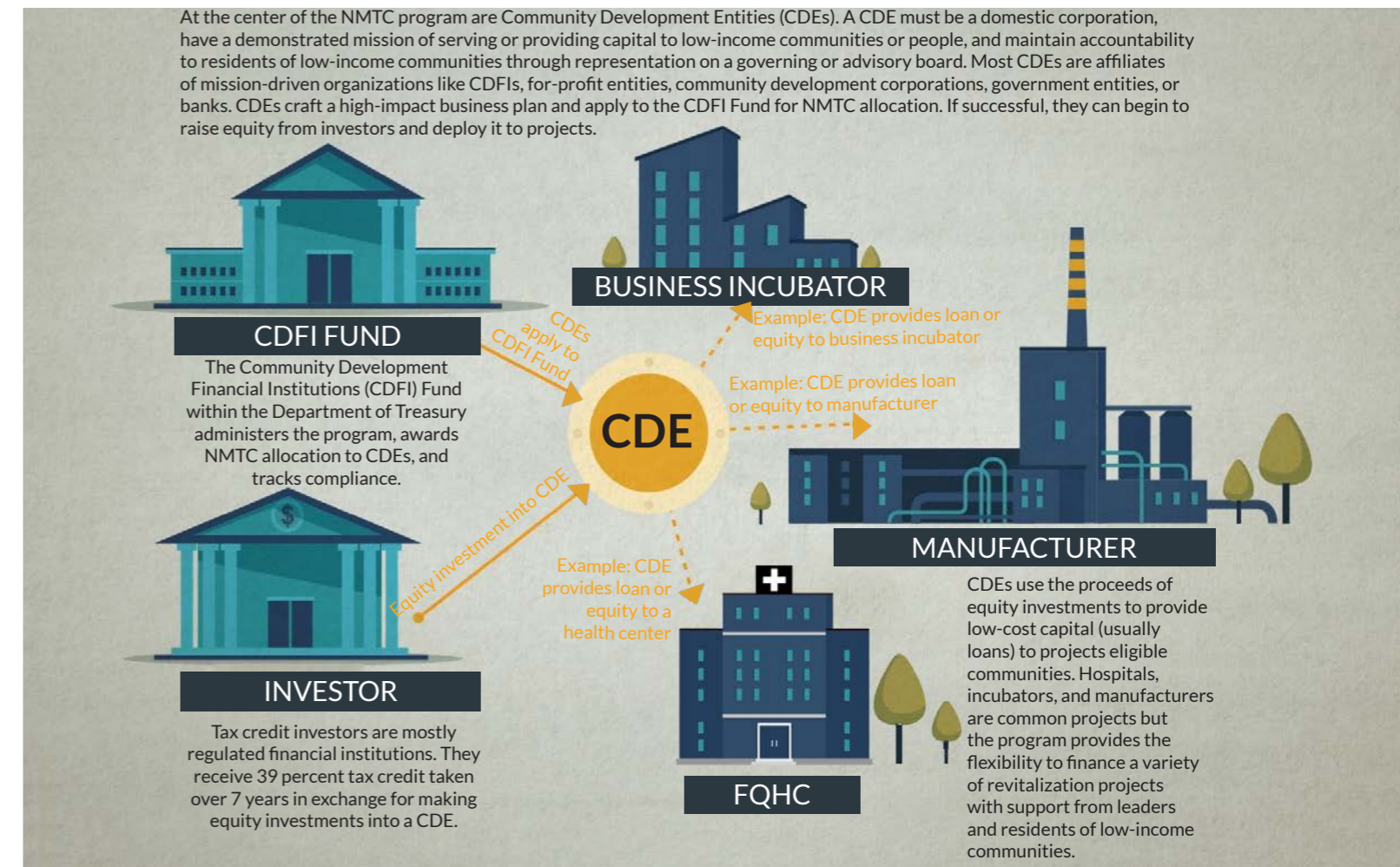
Extension legislation has been introduced by Sens. Roy Blunt (R-MO) and Ben Cardin (D-MD) in the Senate and Reps. Terri Sewell (D-AL) and Tom Reed (R-NY) in the House. **The New Markets Tax Credit Extension Act of 2019 (H.R. 1680/S. 750).**

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.

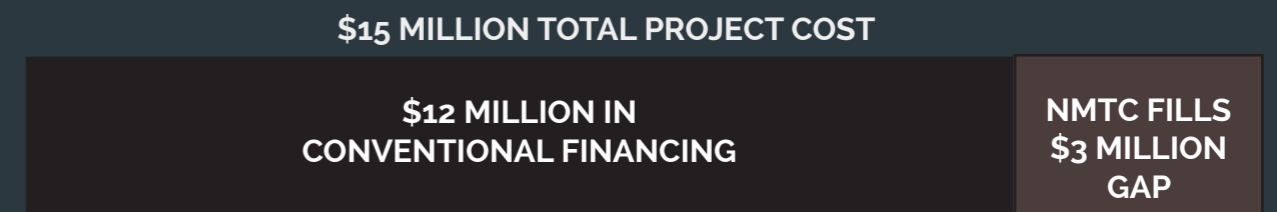
## WHAT ABOUT RURAL?

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.





# 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>                     |
| <br><b>CDFI Fund:</b>  | <br><a href="http://cdfifund.gov">cdfifund.gov</a>   |



Above: A view of the rear of the Maryvale YMCA.

## NEW MARKETS TAX CREDIT COALITION

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