



NEW MARKETS
TAX CREDIT COALITION



NEW MARKETS TAX CREDIT New Member Briefing Report Congresswoman Karen Bass

CA37

nmtccoalition.org

A report on the loans and investments in California's 37th CD and beyond

NMTC IMPACT IN CALIFORNIA

JOBS AND INVESTMENT



92K

The NMTC created 92K California jobs.

JOBS STATEWIDE



525

The NMTC made 525 California projects possible, including manufacturing expansions, business incubators, hospitals, vocational training centers, and daycare centers.

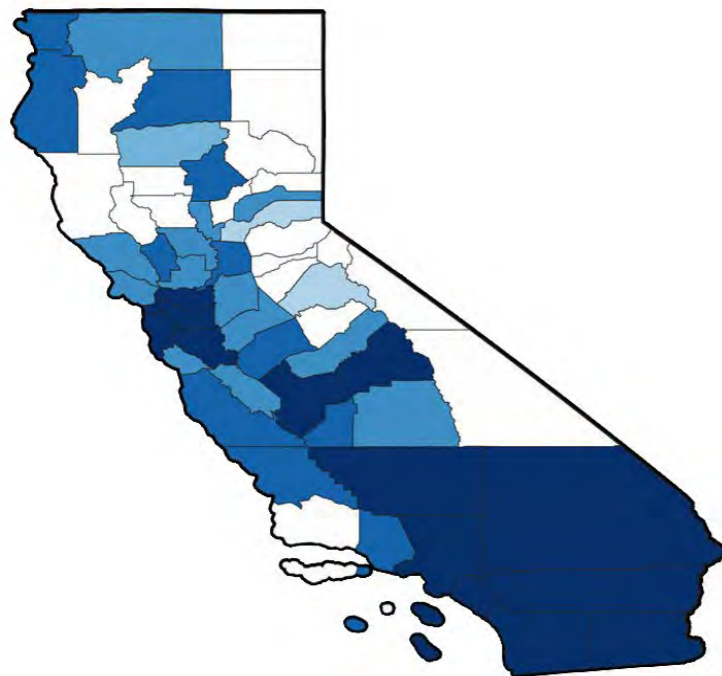
PROJECTS FINANCED IN CALIFORNIA



\$9B

The NMTC delivered \$9B to California businesses and revitalization projects that would not have been possible but-for the NMTC.

IN TOTAL CAPITAL TO CALIFORNIA



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 CA37

INVESTMENT AND PROJECT EXAMPLES



20

Three NMTC projects have been financed in the 37th Congressional District.

PROJECTS FINANCED IN CA37



\$256M

The NMTC delivered \$256M in total capital to businesses and revitalization projects in the 37th Congressional District.

IN TOTAL CAPITAL IN CA37



ORTHOPAEDIC CENTER FOR CHILDREN Los Angeles, CA

Build-out of a new ambulatory surgery center and rehabilitation of another building to include an urgent care center, clinical space, research facilities, and administration facilities.



MATH AND SCIENCE COLLEGE PREP HIGH SCHOOL Los Angeles, CA

Acquisition and partial renovation of a charter school facility in the heart of LA, serving very low-income students. The school is "dedicated to disrupting the status quo of inequitable access to high quality STEM (Science, Technology, Engineering, and Math) pathways for women and minorities by cultivating a family of students and staff who solve problems through collaboration, innovation, passion and perseverance.



SOUTH CENTRAL LOS ANGELES REGIONAL CENTER Los Angeles, CA

Renovation of a historic building for restaurants, retail, office space for local nonprofits. Friends of SCLARC is a nonprofit organization that partners with the South Central Los Angeles Regional Center



ASIAN AMERICAN DRUG ABUSE PROGRAM (AADAP) Los Angeles, CA

Nonprofit organization, dedicated to serving Asian Pacific Islanders and other underserved communities with substance abuse services throughout Los Angeles County.

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 \$95 billion in total project financing to nearly 6,000 projects creating 1,000,000 jobs at a cost to the federal government of less than \$20,000 per job.

JUMP-STARTING MANUFACTURING

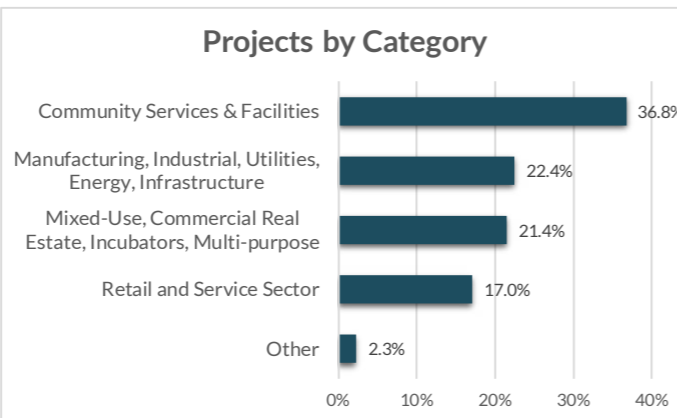
From the outfitting of maker-spaces to the construction of large plants, the NMTC provides nearly \$1 billion annually to manufacturing & industrial facilities.

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.



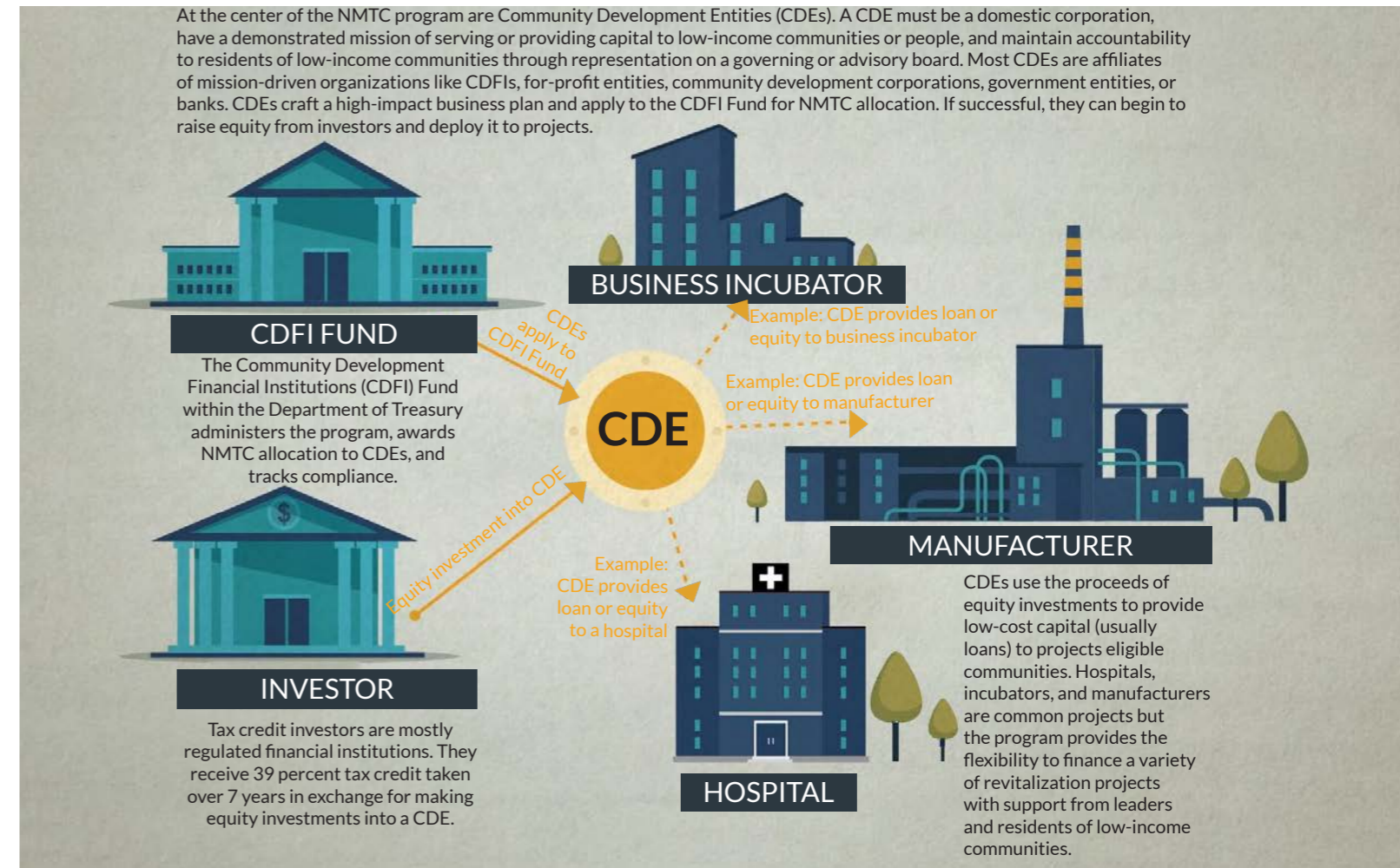
EXTENSION LEGISLATION

The New Markets Tax Credit, one of our most effective tools for community revitalization, expires at the end of 2019. Join the effort to extend the NMTC, preserving billions for manufacturing expansions, community health centers, and other important projects in America's hardest hit communities by building support for the New Markets Tax Credit Extension Act of 2019 (H.R. 1680/S. 750), which would make the NMTC permanent and increase the allocation amount.

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.

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

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| NMTC Coalition: | nmtccoalition.org |
| State Fact Sheets: | nmtccoalition.org/state-fact-sheets |
| Project Maps | nmtccoalition.org/map |
| Project Profiles: | nmtccoalition.org/stories |
| How It Works Video: | nmtccoalition.org/how-it-works |
| Research: | nmtccoalition.org/research |
| Statute: | nmtccoalition.org/statute |
| | |
| CDFI Fund: | cdfifund.gov |



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