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New Markets Tax Credit Coalition

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Congress Takes Steps to Secure Future of New Markets Tax Credit

Congressional Leaders Propose Plans for Tax Credit that Leverages Private Investment in Economically Distressed Communities to Expand Businesses and Create Jobs

Washington, D.C. – Both Houses of Congress are taking action to secure the future of the New Markets Tax Credit (NMTC), which expired on December 31, 2013. Yesterday, the Senate Finance Committee marked-up legislation to extend a number of expired tax provisions, including the NMTC. On the House side, Reps. Jim Gerlach (R-Pa.) and Richard Neal (D-Mass.) introduced a bipartisan bill to renew and make the NMTC permanent. The [New Markets Tax Credit Extension Act of 2014 \(H.R. 4365\)](#) would ensure that economically distressed communities and cities have access to this tool for economic growth and community revitalization.

“One of the unique attributes of the New Markets Tax Credit is its flexibility; the NMTC empowers local leaders to choose projects that provide a broad community benefit, in terms of job creation or added social services,” said José Villalobos, President of the [NMTC Coalition](#) and Senior Vice President of TELACU.

Overall, federal community development spending, measured as a share of Gross Domestic Product (GDP), has fallen by 75 percent over the last 30 years. A bipartisan effort since its inception, the NMTC began as collaboration between Democratic President Bill Clinton and Republican Speaker of the House Dennis Hastert to attract private capital investment in low income communities and continues to garner support from lawmakers on both sides of the aisle.

The NMTC made \$31 billion in direct NMTC investments from 2003 to 2012 to businesses in low-income areas and leveraged a total of \$60 billion. Additionally, more than 72 percent of all NMTC investments have been in communities exhibiting severe economic distress, including unemployment rates more than 1.5 times the national average, a poverty rate of 30 percent or more, or a median income at or below 60 percent of the area median.

“New Markets Tax Credits were significant in the revitalization of the Phalen Corridor area, where the Baldinger Bakery is located. This fourth generation, family-owned business was able to secure the private investment capital it needed to expand into a new commercial baking facility with the help of the New Markets Tax Credit,” said [National League of Cities](#) President Chris Coleman, Mayor of Saint Paul, Minn. “The expansion allowed the business to continue purchasing local goods and services that stimulated commerce in an economically distressed neighborhood. Nationwide, the New Markets Tax

Credit has leveraged private investments in businesses and communities that, similar to the Baldinger Bakery venture, likely would have never received the vital capital they need to succeed.”

Reps. Pat Tiberi (R-Ohio), Charles Rangel (D-N.Y.), John Lewis (D-Ga.), Jim McDermott (D-Wash.), Earl Blumenauer (D-Ore.), Tom Reed (R-N.Y.) and Mike Kelly (R-Pa.) joined in co-sponsoring the legislation led by Congressmen Gerlach and Neal.

“The NMTC has been helping these communities take the steps necessary to move forward, and H.R. 4365 would ensure they have the resources to get back up and running,” said Bob Rapoza, spokesperson for the NMTC Coalition. “We applaud Reps. Gerlach and Neal for their commitment to our nation’s most economically vulnerable communities and cities, and hope their colleagues in Congress will follow their lead.”

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About New Markets Tax Credit Program

The New Markets Tax Credit was enacted in 2000 in an effort to stimulate private investment and economic growth in low income urban neighborhoods and rural communities that lack access to the patient capital needed to support and grow businesses, create jobs, and sustain healthy local economies. The NMTC is a 39 percent federal tax credit, taken over seven years, on investments made in economically distressed communities. Today due to NMTC, more than \$55 billion is hard at work in underserved communities in all 50 states, the District of Columbia, and Puerto Rico.

About New Markets Tax Credit Coalition

The NMTC Coalition is a national membership organization of Community Development Entities and investors organized to conduct research on and advocacy for the New Markets Tax Credit. The Coalition hosts two annual conferences and regularly publishes the NMTC Bulletin. To learn more, please visit www.nmtccoalition.org.