



NEW MARKETS
TAX CREDIT COALITION

Legislative Report

New Markets Tax Credit Coalition Policy
Conference

June 23, 2022





Where do we stand?



Consolidated Appropriations Act (Signed Dec. 2020)

- 5-year extension 2021 through 2025 for \$5 billion in annual NMTC allocation

Pending: NMTC Extension Act: H.R. 1321 | S. 456

- Permanent extension of the NMTC at \$5 billion annually with an inflation adjustor and AMT relief for NMTC investors
- Lead Sponsors: Representatives Terri Sewell (D-AL) & Mike Kelly (R-PA); Senators Ben Cardin (D-MD) & Roy Blunt (R-MO)
- Cosponsors: H.R. 1321: 115 cosponsors

S. 456: 22 cosponsors

House Build Back Better Act: H.R. 5376/Senate Finance Committee

- \$175 million for Tribal Statistical Areas (2022-2025)

Prospects in 2022

- Senate version of Build Back Better
 - Budget reconciliation: Democrats only deal
- End of the year tax extender package
 - Bipartisan legislation



Build Back Better (Late than Never)

Possible provisions:

- Revenue raisers;
- Extension of ACA subsidies;
- Prescription drug reform;
- Energy policy; and (possibly)
- Member priorities?

Year End Tax Extender Bill



- Expiring Provisions: 12/31/22
 - 40 in all
 - Including:
 - 3 Childcare provisions;
 - 10 energy related credits;
 - 2 Housing provisions;
 - 3 Healthcare provisions;
 - Computation of adjusted taxable income (sec. 163)
- Other provisions: expand refundable R&D Credit (section 174)



NMTC-Permanent Extender	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-26	2022-31
PERMANENT EXTENSION OF NEW MARKETS TAX CREDIT	---	---	---	---	[X]	-12	-61	-204	-422	-680	[X]	-1,380
[X] = Loss of less than \$500,000.												
NOTE: Details may not add to totals due to rounding.												

The Case for Permanence

What do you get for \$1.38 billion?

- \$35.8 billion in newly authorized NMTC allocation
- Total project financing of \$71.3 billion to over 4,300 projects in low-income communities ; \$16.8 billion in total project financing to rural America.
- 583k jobs, including 366k permanent, full-time jobs, and 217k construction jobs
- Over 100k manufacturing jobs at nearly 1,700 manufacturing businesses supported through direct loans, technical assistance, or new industrial space.
- Nearly 2,000 small business loans to disadvantaged businesses.

The Case for Permanence

NMTC Track Record



- **Driving investment:** Through 2021, the NMTC allocations - totaling nearly \$64 billion - have delivered over \$120 billion in total project financing to over 7,500 projects.
- **Improving services:** The NMTC has financed over 3,500 federally qualified health centers, schools, daycare centers, apprenticeship programs, treatment facilities, and other service providers.
- **Jump-starting manufacturing:** Over 1,700 manufacturing and industrial businesses financed to date.
- **Supporting entrepreneurs and small businesses:** 143 business incubators totaling \$4.3 billion
 - 1,160 NMTC projects (15 percent) involve loans and investments to small businesses of \$500,000 or less
- **Job creation:** *Directly created* over 1,000,000 jobs.
- **Targeting concentrated poverty:** In 2020, nearly 80 percent projects were in severely distressed areas.

Meetings So Far in 2022

Senate Democrats: Sinema (AZ), Padilla (CA), Bennett (CO), Carper (DE), Ossoff (GA), Warnock (GA), Durbin (IL), Duckworth (IL), Markey (MA), Cardin (MD), Van Hollen (MD), Peters (MI), Stabenow (MI), Smith (MN), Tester (MT), Hassan (NH), Shaheen (NH), Menendez (NJ), Heinrich (NM), Cortez Masto (NV), Schumer (NY), Brown (OH), Wyden (OR), Casey (PA), Kaine (VA), Warner (VA), Manchin (WV), Klobuchar (MN)

Senate Republicans: Hyde-Smith (AL), Boozman (AR), Crapo (ID), Collins (ME), Blunt (MO), Daines (MT), Portman (OH), Scott (SC), Capito (WV), Grassley (IA)

House Republicans: Buchanan (FL), Ferguson (GA), LaHood (IL), Warloski (IN), Smith (MO), Reed (NY), Johnson (OH), Chabot (OH), Wenstrup (OH), Smucker (PA), Kelly (PA), Miller (WV)

House Democrats: Neal (MA), Sewell (AL)

Senate Finance Committee/House Ways and Means Committee



House Committee on Ways and Means Members H.R.1321 cosponsors *

Name	Party	State
Beyer *	D	VA
Blumenauer *	D	OR
Boyle	D	PA
Davis *	D	IL
Doggett	D	TX
Evans *	D	PA
Gomez *	D	CA
Higgins *	D	NY
Horsford *	D	NV
Kildee*	D	MI
Kind	D	WI
Larson*	D	CT
Neal	D	MA
Panetta*	D	CA
Pascrell*	D	NJ
Schneider	D	IL
Suozzi	D	NY
Thompson	D	MS
Chu	D	CA
DelBene*	D	WA
Moore*	D	WI
Murphy*	D	FL
Plaskett	D	VI
Sánchez*	D	CA
Sewell*	D	AL

Name	Party	State
Arrington	R	TX
Brady	R	TX
Buchanan*	R	FL
Estes	R	KS
Ferguson*	R	GA
Hern	R	OK
Kelly*	R	PA
Kustoff	R	TN
LaHood*	R	IL
Murphy	R	NC
Rice*	R	SC
Schwikert*	R	AZ
Smith	R	NE
Smith*	R	MO
Smucker*	R	PA
Wenstrup*	R	OH
Miller*	R	IL
Warloski*	R	IN



NEW MARKETS
TAX CREDIT COALITION

Senate Finance
Committee
Members
S.456 Cosponsors *



Last Name	Party	State
Bennet *	D	CO
Brown	D	OH
Cantwell*	D	WA
Cardin*	D	MD
Carper	D	DE
Casey*	D	PA
Cortez Masto*	D	NV
Hassan	D	NH
Menendez*	D	NJ
Stabenow	D	MI
Warner *	D	VA
Warren	D	MA
Whitehouse	D	RI
Wyden	D	OR

Last Name	Party	State
Barrasso	R	WY
Burr	R	NC
Cassidy*	R	LA
Cornyn	R	TX
Crapo	R	ID
Daines*	R	MT
Grassley	R	IA
Lankford	R	OK
Portman*	R	OH
Sasse	R	NE
Scott*	R	SC
Thune	R	SD
Toomey	R	PA
Young	R	IN

Other Senate Sponsors S.456



Blunt R-MO

Schumer D-NY

Shaheen D-NH

Leahy D-VT

Capito R-WV

Blackburn R-TN

Boozman R-AR

Van Hollen D-MD

Hyde-Smith R-MS

Wicker R-MS

Tester D-MT

Moran R-KS

OECD Corporate Minimum Tax Proposal:

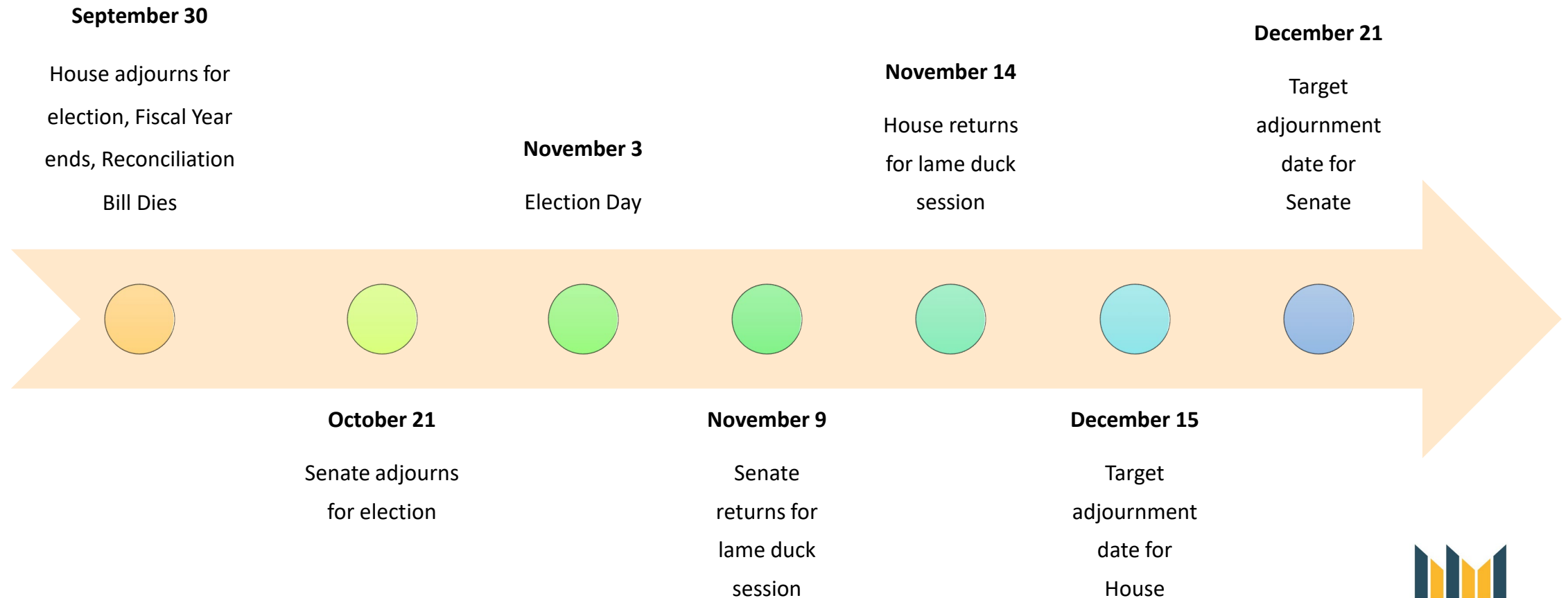
What Does This Mean for the NMTC?

- Establishes a Minimum Tax for Companies conducting business in the European Union and G20 countries
- Over the past 5 years, 18 NMTC investors were multi-national corporations or have a significant international footprint and could feel the impact of the OECD Pillar 2 proposal. These investors accounted for 90% of all NMTC equity investments.
- Nearly all NMTC investments come from corporations. NMTC investors are essential partners in the NMTC program, providing the private-sector capital necessary for CDEs to invest in meaningful community and economic development projects in underserved areas. This approach has been tremendously successful, but the Pillar II treaty may upend investors participation in the NMTC program.
- **HOWEVER:** The Dept. of Treasury has stated that they believe they have a fix that would fix this or at least mitigate damage to these credits (using the Equity Accounting Method)

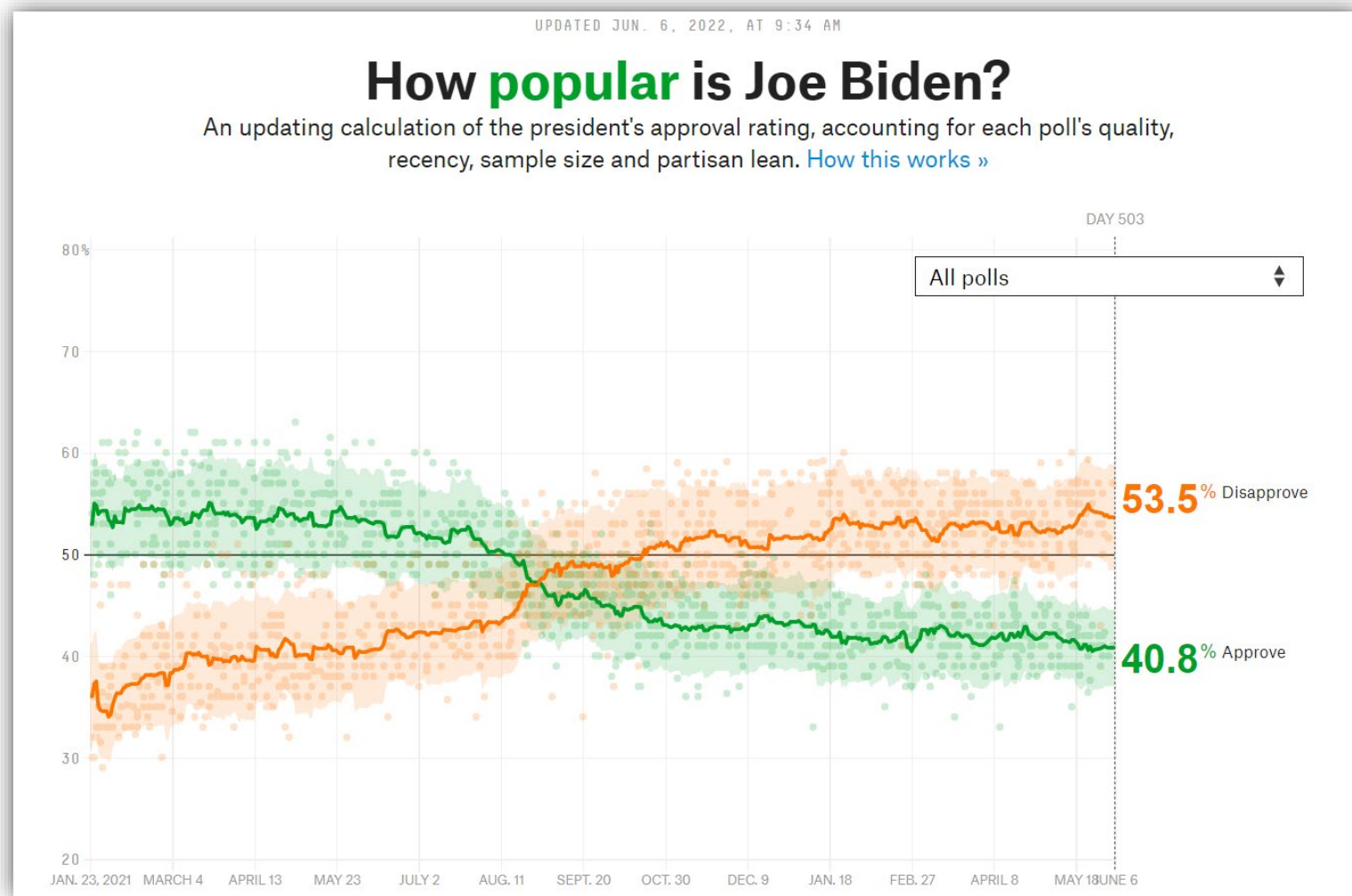


Congressional Calendar

Key Dates



Political Environment



History of Midterm Elections

Since World War 2, the president's party has lost an average of 26 seats in the House, and an average of 4 seats in the Senate.

The president's party has lost an average 37 House seats in midterm elections when presidential job approval was below 50%.

1994 Midterm elections

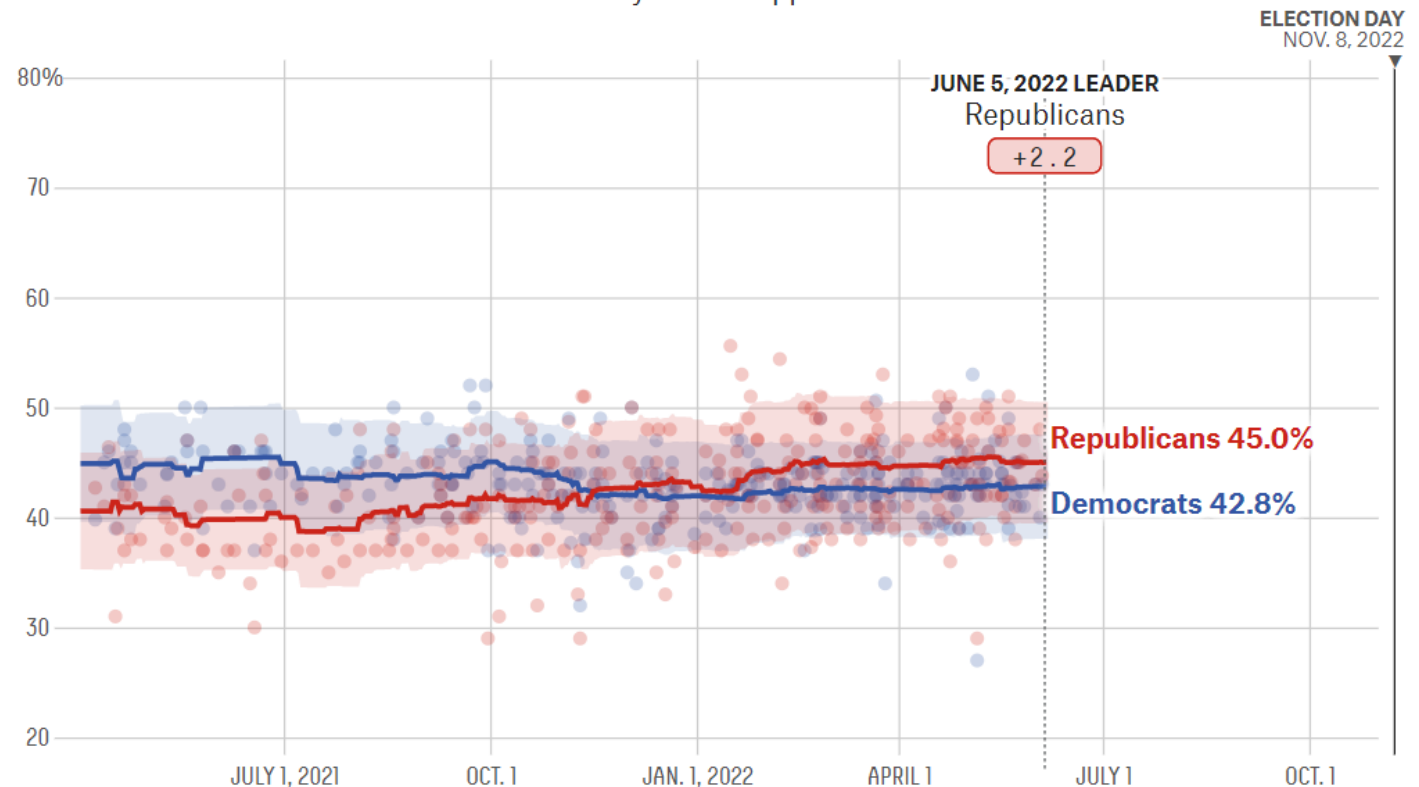
The Republican Party captured unified control of Congress for the first time since 1952. Republicans picked up eight seats in the Senate and won a net of 54 seats in the House of Representatives.

2010 Midterm elections

The Republicans' 63-seat pickup in the House to take control of that chamber, as well as their gain of six Senate seats. In the election, Republicans won their greatest number of House seats since 1946.

Do Voters Want Democrats Or Republicans In Congress?

An updating estimate of the generic congressional ballot, based on polls that ask people which party they would support in an election.



Source: 538

Senate Forecast

- Current composition:
 - Democrats: 50
 - Republicans: 50
- Remove Solid, Likely, and Lean Seats:
 - Democrats: 47
 - Republicans: 48

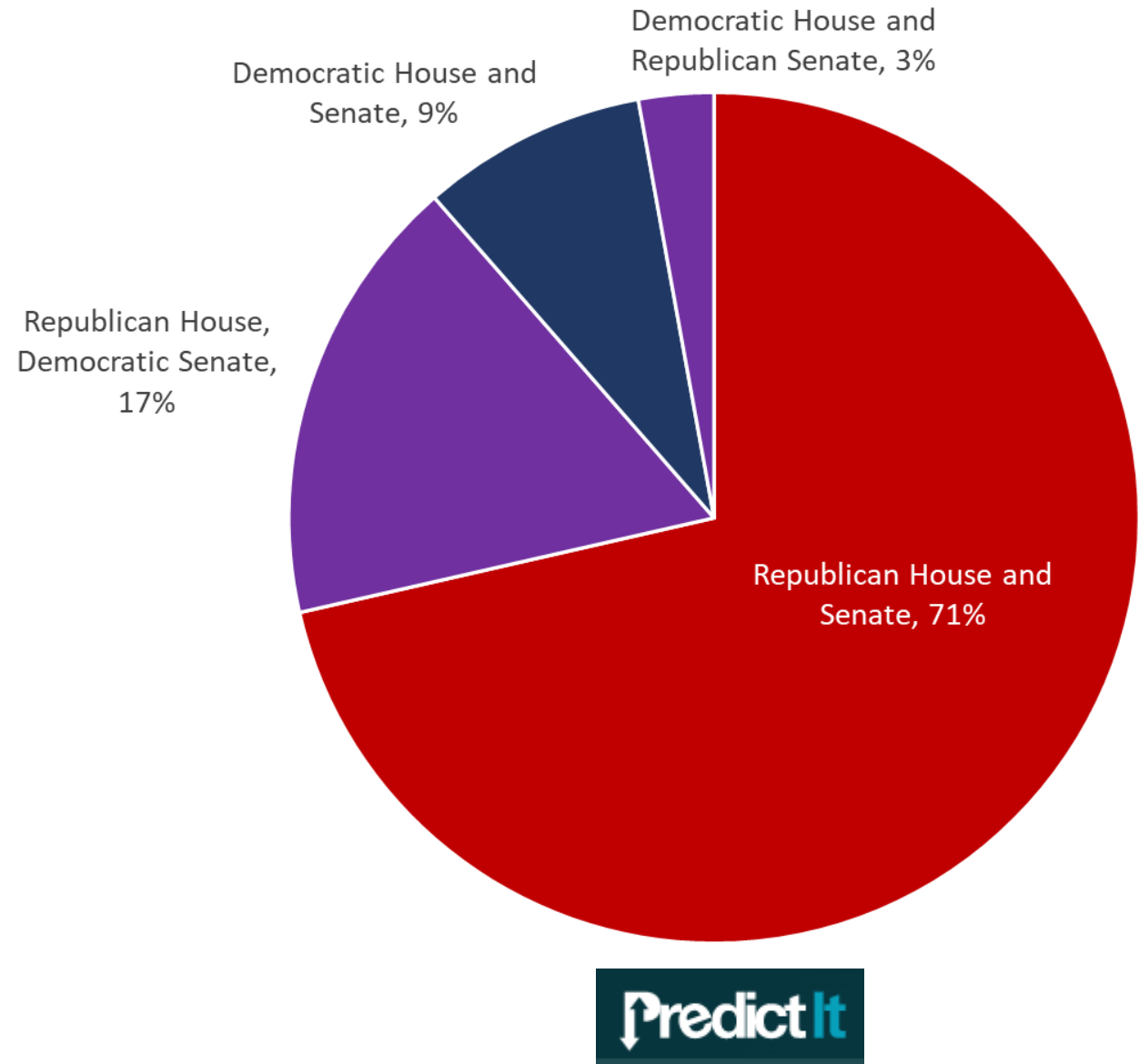
35 Senate Races, Republicans are defending 21 out of 35

SOLID D	LIKELY D	LEAN D	TOSS UP	LEAN R	LIKELY R	SOLID R
CA-Padilla CT-Blumenthal HI-Schatz IL-Duckworth MD-Van Hollen NY-Schumer OR-Wyden VT-Open WA-Murray	CO-Bennet	NH-Hassan	AZ-Kelly GA-Warnock NV-Cortez Masto PA-Open WI-Johnson	FL-Rubio NC-Open OH-Open		AK-Murkowski AL-Open AR-Boozman IA-Grassley ID-Crapo IN-Young KS-Moran KY-Paul LA-Kennedy MO-Open ND-Hoeven OK-Lankford OK-Open SC-Scott SD-Thune UT-Lee

Source: Cook Political Report

Political Futures Markets

- What will be the balance of power in Congress after the 2022 election?





If Republicans Take Full Control...

- Speaker Kevin McCarthy (R-CA)
- Senate Majority Leader Mitch McConnell (R-KY)
- Likely Senate Finance Chair:
 - Mike Crapo (R-ID)
- Potential Ways and Means Chairs:
 - Vern Buchanan (R-FL)
 - Adrian Smith (R-NE)
 - Jason Smith (R-MO)