



**NEW MARKETS**  
TAX CREDIT COALITION



# NEW MARKETS TAX CREDIT District Briefing Report Congressman Richard Neal

**MA-01**

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

A report on the loans and investments in Massachusetts's 1st CD and beyond  
Above: The Holyoke Medical Center

# NMTC IMPACT IN MASSACHUSETTS

## JOBS AND INVESTMENT

**—now—  
HIRING** **35K**  
JOBS STATEWIDE

The NMTC created 34,708 Massachusetts jobs, including:

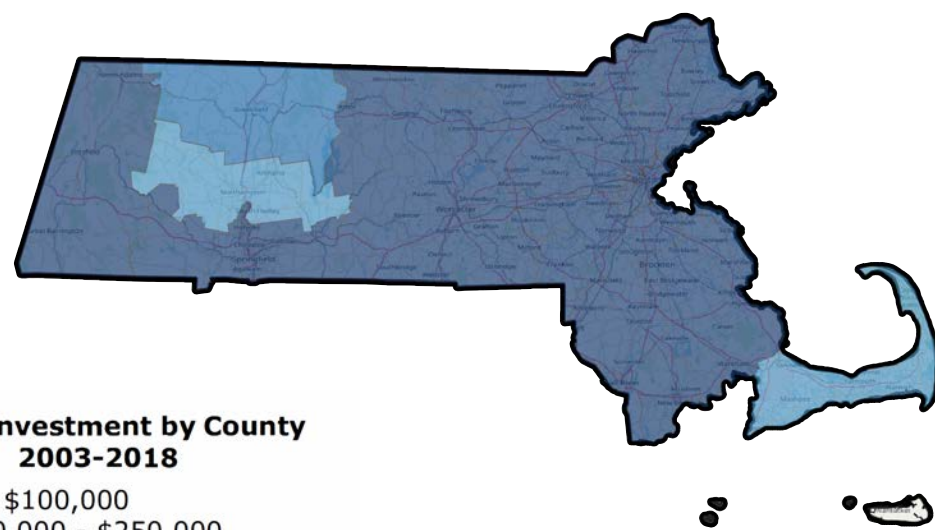
- 12,648 construction jobs;
- 22,060 full-time-equivalent jobs.

 **276**  
PROJECTS FINANCED IN MASSACHUSETTS

The NMTC made 276 Massachusetts projects possible, including manufacturing expansions, business incubators, hospitals, vocational training centers, and daycare centers.

 **\$3.1B**  
IN TOTAL CAPITAL TO MASSACHUSETTS

The NMTC delivered \$3.1 billion to Massachusetts businesses and revitalization projects that would not have been possible but-for the NMTC.



**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 MA-01

## INVESTMENT AND PROJECT EXAMPLES

 **24**  
PROJECTS FINANCED IN MA-01

24 NMTC projects have been financed in Massachusetts's 1st Congressional District.

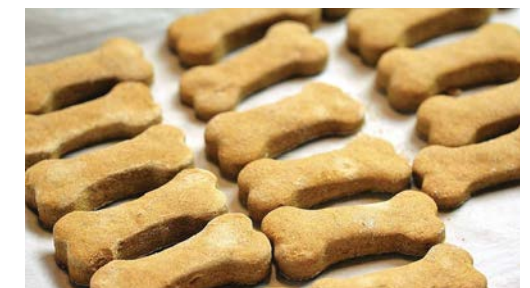
 **\$598M**  
IN TOTAL CAPITAL IN MA-01

The NMTC delivered \$598 million in total capital to businesses and revitalization projects in Massachusetts's 1st Congressional District.



**Holyoke Medical Center Expansion**  
Holyoke, MA

The acute-care community hospital used NMTC financing to build a two-story addition that houses an emergency department on the first floor; and a weight and health-management clinic, sleep-care center, and specialty outpatient services on the second floor.



**Pittsfield Pet Treats**  
Lowell, MA

A small equipment loan to Whole Life Pet Products, a Pittsfield manufacturer of organic freeze-dried pet treats for a freeze dryer, an automatic bagging machine and sealing machine, and other equipment to quintuple its manufacturing capacity.



**Caring Health Center**  
Springfield, MA

The rehabilitation and adaptive reuse of three buildings in the Smith Carriage Company district increased healthcare access in a medically underserved area. The project has a 45,000 sq. ft. community health center, including a wellness center and pharmacy.



**Massachusetts Green High Performance Computing Center**  
Holyoke, MA

NMTC financing helped fund the acquisition and construction of New England's first high performance computing center, an 90,300 sq. ft. facility that is an important part of Holyoke's renewal plan.



# 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

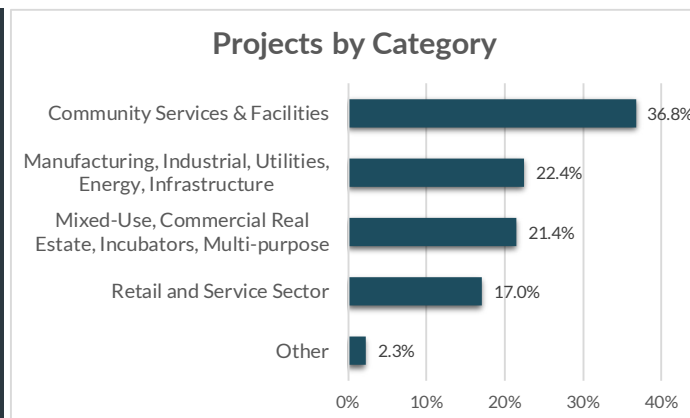
From the outfitting of maker-spaces to the construction of large plants, the NMTC provides nearly \$1 billion annually to manufacturing & industrial facilities.

### 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.



## 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.

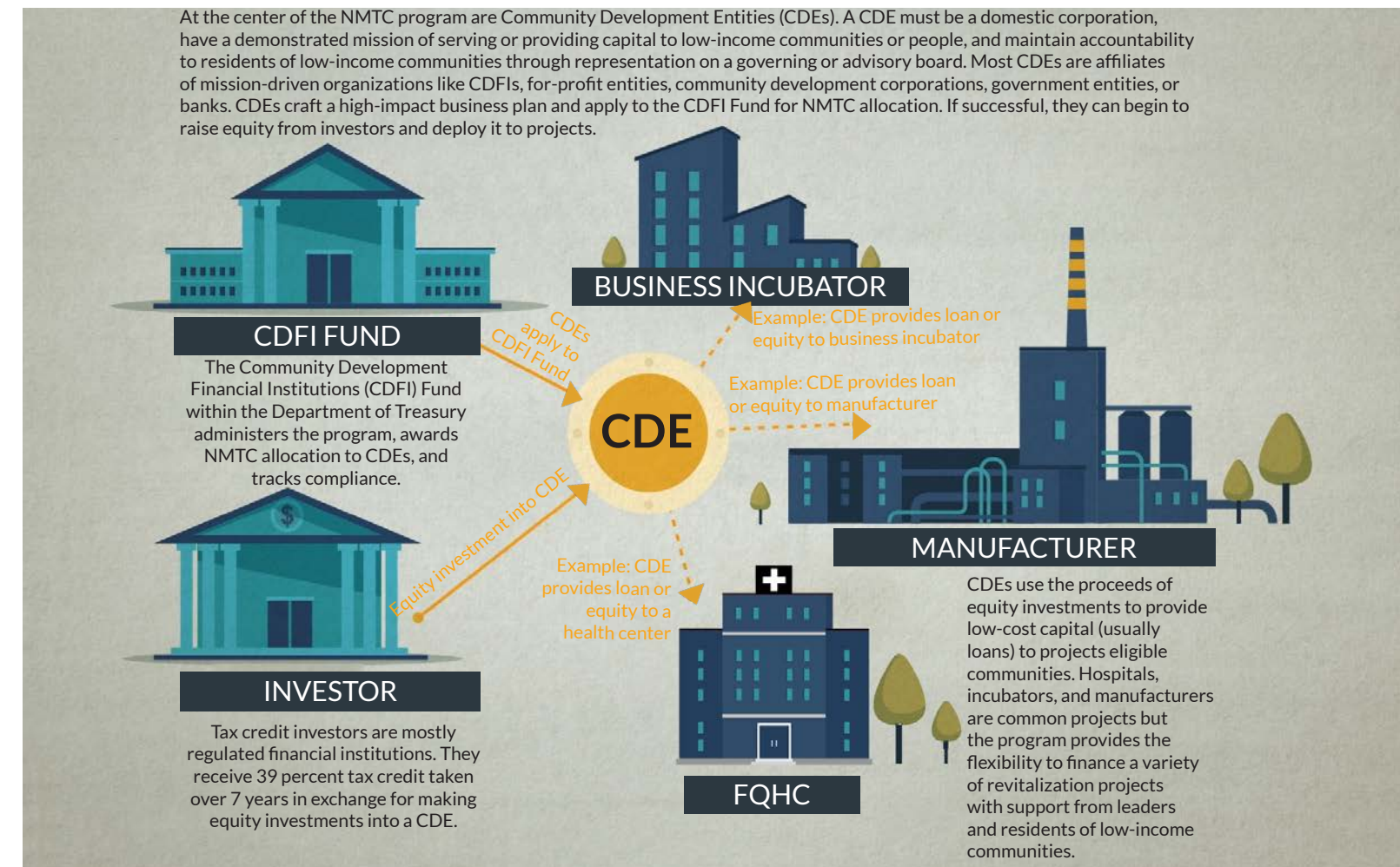
Extension legislation has been introduced by Sens. Roy Blunt (R-MO) and Ben Cardin (D-MD) in the Senate and Reps. Terri Sewell (D-AL) and Tom Reed (R-NY) in the House. **The New Markets Tax Credit Extension Act of 2019 (H.R. 1680/S. 750).**

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



Above: Massachusetts Green High Performance Computing Center in Holyoke, MA.

## NEW MARKETS TAX CREDIT COALITION

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