



# NEW MARKETS TAX CREDIT New Member Briefing Report Congresswoman Ilhan Omar

**MN-05**

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

A report on the loans and investments in Minnesota's 5th CD and beyond. Above: A rendering of the Washburn Center for Children, a center of excellence in children's mental health in the Twin Cities that serves mostly low-income children and families.

# NMTC IMPACT IN MINNESOTA

## JOBS AND INVESTMENT

**—now—  
HIRING** **22K**  
JOBS STATEWIDE

The NMTC created 22,497 Minnesota jobs, including:

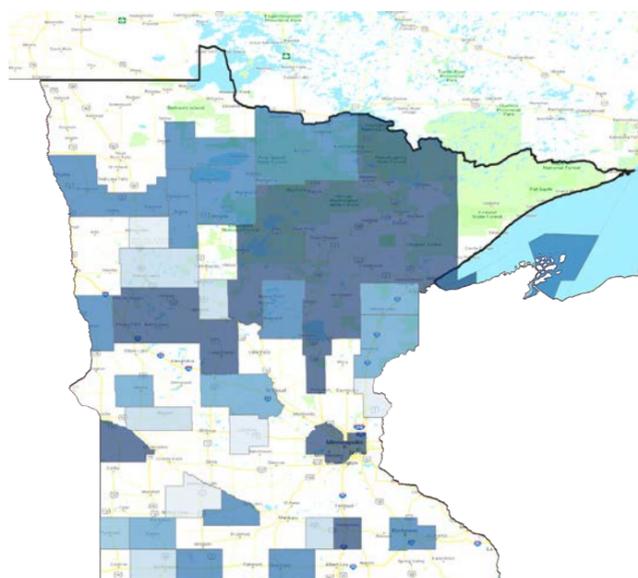
- 9,299 construction jobs;
- 13,198 full-time-equivalent jobs.

 **189**  
PROJECTS FINANCED IN MINNESOTA

The NMTC made 189 Minnesota projects possible, including manufacturing expansions, business incubators, hospitals, vocational training centers, and daycare centers.

 **\$2B**  
IN TOTAL CAPITAL TO MINNESOTA

The NMTC delivered \$2 billion to Minnesota 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 MN-05

## INVESTMENT AND PROJECT EXAMPLES

 **52**  
PROJECTS FINANCED IN MN-05

52 NMTC projects have been financed in Minnesota's 5th Congressional District.

 **\$829M**  
IN TOTAL CAPITAL IN MN-05

The NMTC delivered \$159 million in total capital to businesses and revitalization projects in Minnesota's 5th Congressional District.



#### Banyan Community

Located in one of the most economically challenged neighborhoods in Minneapolis, Banyan Community works to transform lives by developing youth, strengthening families, and creating community in an area struggling with drugs, gangs and grinding poverty. Banyan reaches more than 1,275 people a year through a combination of neighborhood block clubs and youth/family programming.



#### Washburn Center for Children

Washburn Center for Children is the leading mental health center in Minnesota, serving children from birth to age 18. When demand skyrocketed for its services, NMTC financing helped develop a new 55,000 sq. ft. facility that serves over 2,700 children and 7,200 family members annually, 55% of the patients are from low-income communities.

#### The African Development Center of Minnesota

Sixteen years ago, Hussein Samatar, a Somalia refugee, was struggling to adjust to his adopted country, and discovered that learning to navigate the American system was helpful in moving up the socio-economic ladder. He founded the African Development Center (ADC) in 2004 to provide resources to African immigrants. ADC, through culturally competent interaction, offers its clients, mostly African immigrants, workshops and one-on-one training on financial literacy, business development, and information on home ownership. The NMTC financed the rehabilitation of a new headquarters building for the ADC.



# 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.

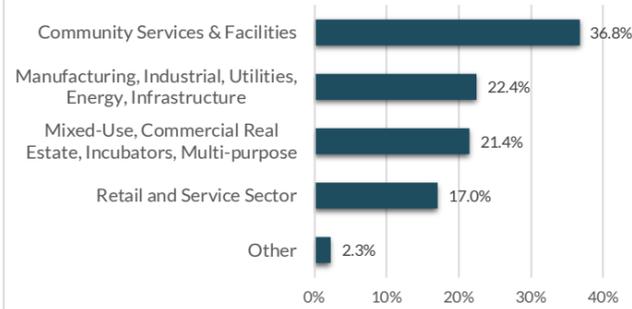
### ENHANCING SERVICES

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.

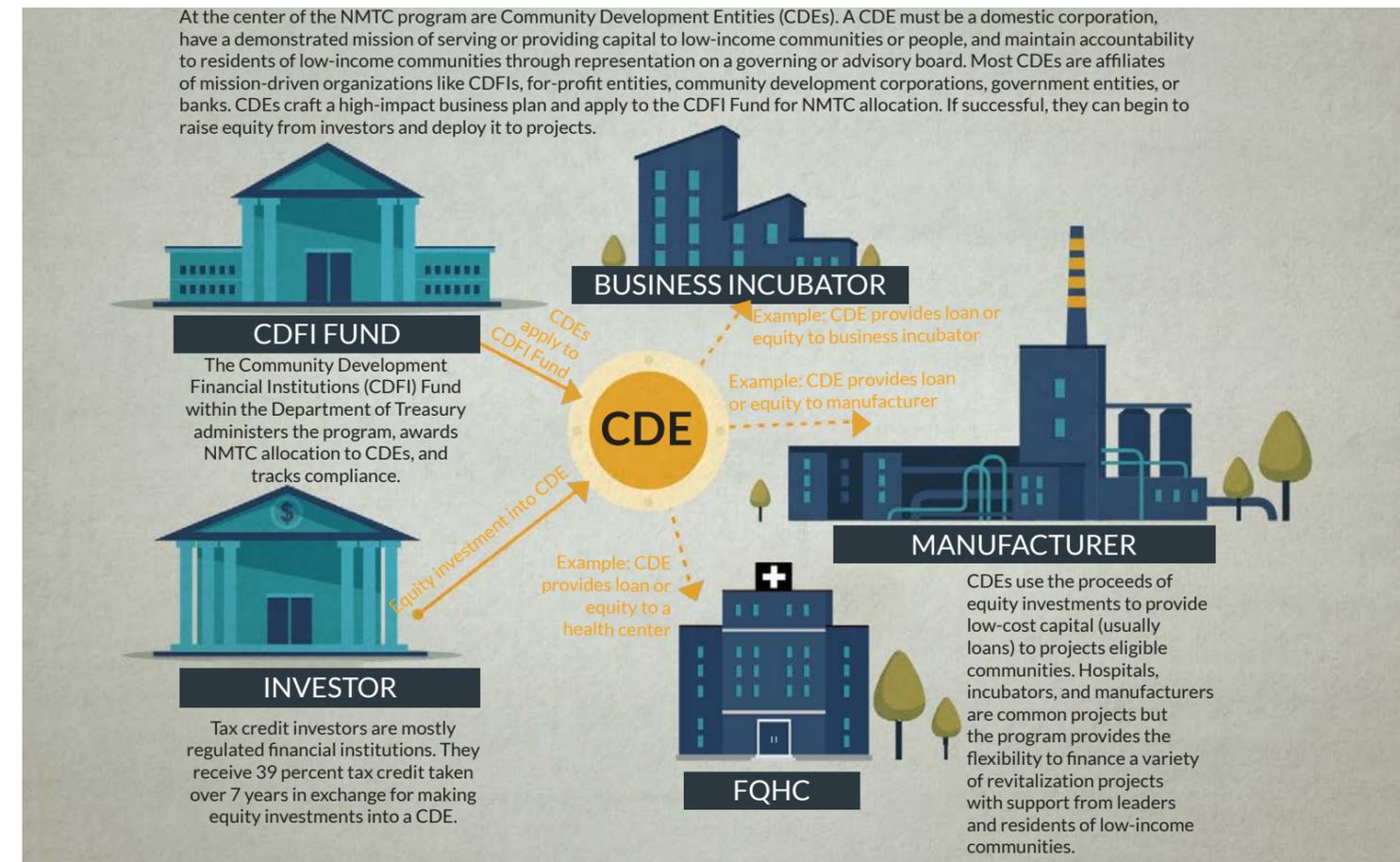
Extension legislation has been introduced by Sens. Roy Blunt (R-MO) and Ben Cardin (D-MD) in the Senate and Reps. Terri Sewell (D-AL) and Tom Reed (R-NY) in the House. **The New Markets Tax Credit Extension Act of 2019 (H.R. 1680/S. 750).**

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



Above: An interior space at the African Development Center of Minneapolis, a business training center for recent African immigrants.

## NEW MARKETS TAX CREDIT COALITION

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