



## Fact Sheet: The New Markets Tax Credit (NMTC) Extension Act of 2023 (S. 234)

Leads: Ben Cardin (D-MD) & Steve Daines (R-MT)

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### Summary

- Provides an indefinite extension of the NMTC, boosting its efficiency and delivering more capital to low-income communities.
- Indexes future allocation levels to inflation.
- Brings in new investors by exempting the NMTC from the Alternative Minimum Tax.

### About the New Markets Tax Credit

The 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, health centers, daycare facilities, business incubators, and other important revitalization projects. The NMTC expires at the end of 2025.

### Economic Impact

Areas Targeted	Investment, Businesses, and Projects
<b>Eligible communities:</b> Census tracts with poverty rates at or above 20 percent or median incomes no more than 80 percent of the area median.	<b>Driving investment:</b> Through 2021, NMTC allocations totaling \$64 billion have delivered More than \$120 billion <sup>1</sup> total project financing to over 7,600 projects.
<b>Targeting concentrated poverty:</b> In 2021, over 80 percent of NMTC projects were in communities exhibiting severe economic distress. <sup>2</sup>	<b>Improving services:</b> The NMTC has financed over 3,500 federally qualified health centers, schools, daycare centers, apprenticeship programs, treatment facilities, and other service providers.
<b>Supporting rural America:</b> In 2021, over 25 percent of NMTC investments were in rural areas. <sup>3</sup>	<b>Jump-starting manufacturing:</b> Over 1,800 manufacturing and industrial businesses financed.

**Jobs:** The NMTC has created over 1 million jobs at a cost to the federal govt. of less than \$20k per job.

### Independent Evaluation of the NMTC

An independent compliance review by Summit Consulting<sup>4</sup> 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.

For more information on the NMTC and projects by state, visit: [nmtccoalition.org/state-fact-sheets](https://nmtccoalition.org/state-fact-sheets)

<sup>1</sup> NMTC Coalition analysis of CDFI Fund data (2003-2019), its annual survey of CDEs (2020-2021), and OCC data (2018-2021).

<sup>2</sup> "2022 NMTC Progress Report." NMTC Coalition (June 2022)

<sup>3</sup> Ibid

<sup>4</sup> "Compliance Review of the NMTC Program." Summit Consulting (August 2017).



## The NMTC Extension Act of 2023

### S. 234 Cosponsors – Updated 3/23/2023

Leads: Sens. Ben Cardin [D-MD] & Steve Daines [R-MT]

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\*Denotes original cosponsor