



Fact Sheet: The New Markets Tax Credit (NMTC) Extension Act of 2025 (S. 479/H.R. 1103)

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 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 the economic mainstream. Taxpayers receive a 39 percent tax credit (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 on December 31, 2025.

Economic Impact

Areas Targeted	Investment, Businesses, and Projects (Through 2023)
Eligible communities: Census tracts with poverty rates at or above 20 percent or median incomes no more than 80 percent of the area median.	Driving investment: Through 2023, NMTC allocations totaling \$72 billion have delivered more than \$135 billion ¹ in total project financing to over 8,500 projects.
Targeting concentrated poverty: Between 2020 and 2023, over 80 percent of NMTC projects were in communities exhibiting severe economic distress. ²	Improving services: The NMTC has financed over 3,700 federally qualified health centers, schools, daycare centers, apprenticeship programs, treatment facilities, and other service providers.
Supporting rural America: In 2023, nearly 30 percent of NMTC investments were in rural areas. ³	Jump-starting manufacturing: Nearly 2,000 manufacturing and industrial businesses were financed.

Jobs: The NMTC has created over 1.2 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 Consulting⁴ found that program participants are significantly lowering the cost of capital for borrowers in low-income communities and exceeding statutory and regulatory requirements to target economic distress.

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