

New Markets Tax Credit Coalition

Urban Institute Symposium on the War on Poverty

Today the Urban Institute's Tax Policy Center hosted, **"50 Years into LBJ's 'War on Poverty': What's the Role for Tax Policy?"** The symposium included remarks from Jason Furman, Chairman of the President's Council of Economic Advisers, along with two panels exploring how the federal government uses the tax code to augment the social safety net and revitalize underserved communities.

- [Agenda, video, and panelist PPTs](#)

One of the panels, "Reducing Poverty through Work Incentives and Community Development", explored federal efforts to revitalize communities through the tax code. The panel was moderated by Howard Gleckman from the Tax Policy Center, who has been a frequent critic of NMTC. Gleckman was joined by:

- Ingrid Gould Ellen of NYU, who presented evaluation research on LIHTC;
- Michael Rich of Emory University, who presented evaluation research on the EZ/EC/RZ programs; and
- Nancy Pincus and Brett Theodos of the Urban Institute, who presented the findings of the [recent Urban Institute report](#) evaluating the first four years of the NMTC.

Gleckman asked Pincus and Theodos to address the so-called "substitution effect", or the likelihood that NMTC projects would have gone forward without the subsidy. She reported that the Urban Institute's analysis found that 20% of NMTC projects would have gone forward without the Credit, but stressed that the substitution effect is very difficult to measure as economic development projects involve a complex array of moving parts.

In the Q&A, Coalition spokesperson Bob Rapoza noted that the Urban Institute's study found that as the program matured during its first four years, the substitution effect declined substantially. The Urban Institute report analyzed investments between 2003 and 2007. Since that time, NMTC investments have shifted into poorer neighborhoods with higher rates of unemployment where lending and investment is much more challenging. This suggests an additional decline in the substitution effect in recent years.

Rapoza also noted that research conducted by Rapoza Associates was consistent with a presentation made by Theodos regarding the long term, downward trend in appropriations for federal community development programs.

- [Decline in federal community development spending as a share of GDP](#) (short video)

In the final session of the symposium, Jason Furman of the Council of Economic Advisers described the White House's efforts to combat poverty and to clarify and refine the definition of poverty to

include government assistance. During a Q&A following his remarks, Furman was asked by Bryan Faler of Politico to comment on whether the White House still believes tax reform is viable.

"What I'd like to see is debates around tax reform not measure the success of a system by how low it can get the top rate, but the success of a system by what it does for middle class families and also what it does to help people escape poverty," Furman said. "The one thing that won't work is, we're proposing to cut the rate for business to the mid- to upper 20s, 28 percent — that's not something you could do on the individual side," he said. "So this idea that you need to do business and individual to get the same top rate — this one doesn't work."



Jason Furman, chairman of the Council of Economic Advisers