



# NEW MARKETS TAX CREDIT New Member Briefing Report Congressman Benjamin L. Cline

**VA-06**

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

A report on the loans and investments in Virginia's 6th CD and beyond  
Above: Pyramid Health Center in Lynchburg, VA

# NMTC IMPACT IN VIRGINIA

## JOBS AND INVESTMENT



**14.3K**

JOBS STATEWIDE

The NMTC created 14,305 Virginia jobs, including:

- 8,306 construction jobs;
- 5,999 full-time-equivalent jobs.



**70**

PROJECTS FINANCED IN VIRGINIA

The NMTC made 70 Virginia projects possible, including manufacturing expansions, business incubators, hospitals, vocational training centers, and daycare centers.



**\$1.4B**

IN TOTAL CAPITAL TO VIRGINIA

The NMTC delivered \$1.4 billion to Virginia businesses and revitalization projects that would not have been possible but-for the NMTC.

# NMTC IMPACT IN VA-06

## INVESTMENT AND PROJECT EXAMPLES



**12**

PROJECTS FINANCED IN VA-06

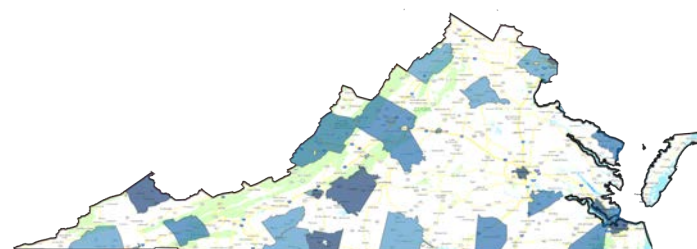
12 NMTC projects have been financed in Virginia's 6th Congressional District.



**\$190M**

IN TOTAL CAPITAL IN VA-06

The NMTC delivered \$190 million in total capital to businesses and revitalization projects in Virginia's 6th Congressional District.



### 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



**Waynesboro Heritage Museum**  
Waynesboro, VA

Rehabilitation of a 90-year old building which now houses the Waynesboro Heritage Museum as well as six housing units and office/retail space.



**Rehabilitation of the Patrick Henry Hotel**  
Roanoke, VA

Rehabilitation of the Patrick Henry Hotel into commercial space and housing



**Pyramid Health Center**  
Lynchburg, VA

Rehabilitation of the C.W. Warthen Building into two medical services facilities designed to provide services to the elderly and the medically under-served



**Claude Moore Culinary School - Dumas Center**  
Roanoke, VA

Adaptive and reuse development of a 90-year-old historic hotel into offices and a performing arts center operated by Roanoke Total Action Against Poverty.



# 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.

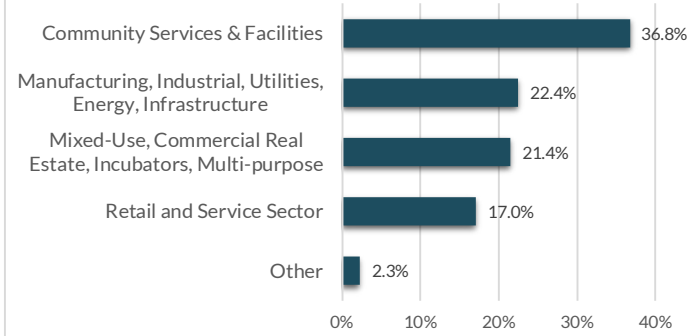
### ENHANCING SERVICES

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.

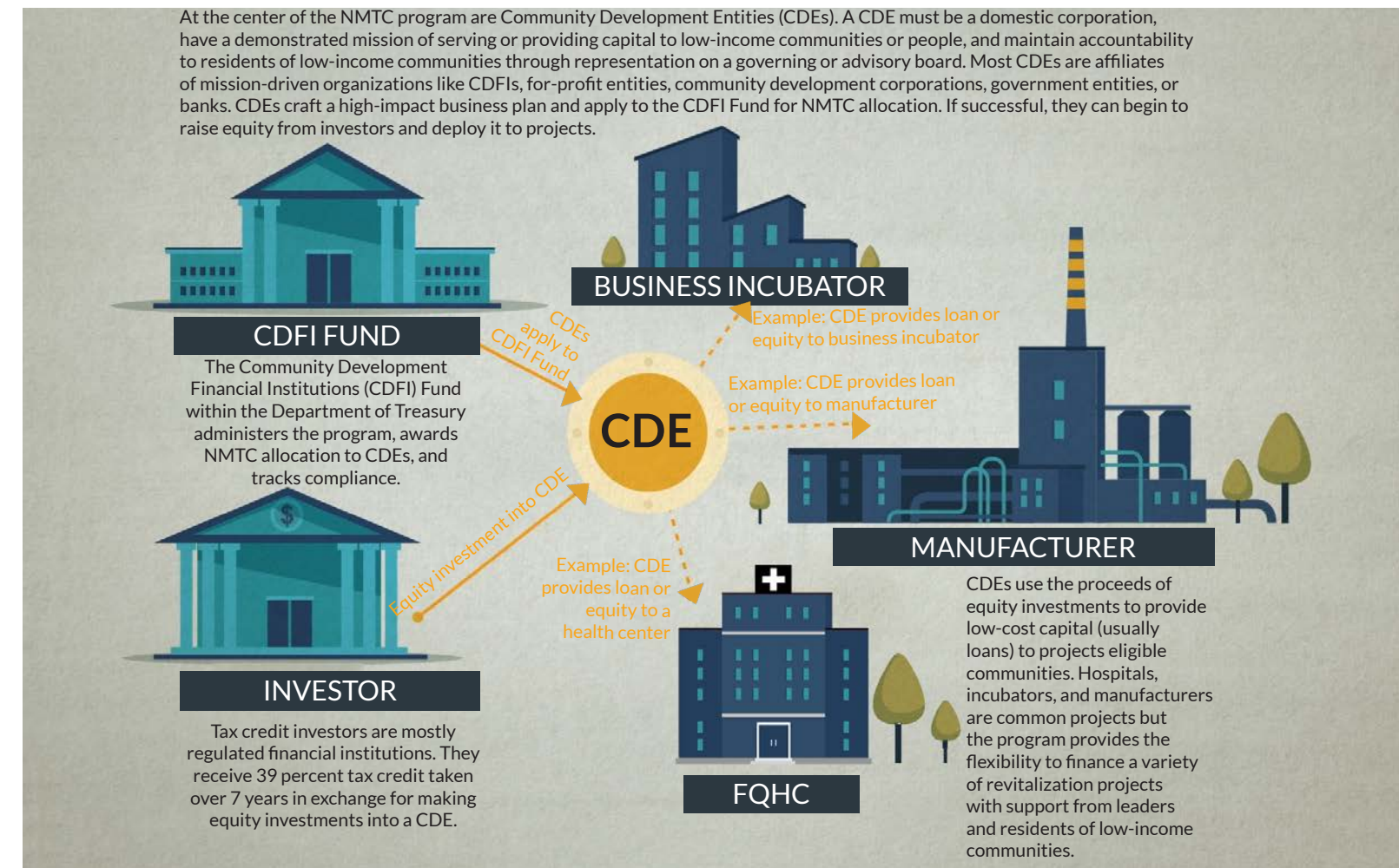
Extension legislation has been introduced by Sens. Roy Blunt (R-MO) and Ben Cardin (D-MD) in the Senate and Reps. Terri Sewell (D-AL) and Tom Reed (R-NY) in the House. **The New Markets Tax Credit Extension Act of 2019 (H.R. 1680/S. 750).**

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.

**\$15 MILLION TOTAL PROJECT COST**

**\$12 MILLION IN CONVENTIONAL FINANCING**

**NMTC FILLS \$3 MILLION GAP**

# ONLINE RESOURCES

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



Above: Waynesboro Heritage Museum

## NEW MARKETS TAX CREDIT COALITION

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