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Sent: Wednesday, May 15, 2013 1:24 PM
To: Paul Anderson
Subject: Senate Finance Committee Option Paper on Economic Development

New Markets Tax Credit Coalition

Senate Finance Committee Option Paper on Economic Development

As the Coalition has previously reported, Senate Finance Committee Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT) have launched a process for the committee to begin developing a tax reform proposal. Starting in April, the Committee launched a series of weekly meetings to discuss a series of specific policy areas and collect feedback from members on a wide range of options for taking on tax reform. During these meetings, Committee Members are presented with tax reform option papers outlining a whole host of ideas to change various aspects of the tax code. These option papers include ideas from across the spectrum and, as such, do not necessarily have the endorsement of either the Chairman or Ranking Member.

Today, Committee Members met privately to discuss an option paper on areas of the tax code relating to economic development, including the NMTC. In anticipation of this meeting, earlier this week the Coalition provided key Finance Committee Members with talking points on the NMTC. When the Credit was discussed during today's meeting, the only comments made by Members of the Committee were positive comments in favor of the NMTC.

- [Download the options paper](#)

Below is the section of the paper describing policy options related to the NMTC:

1. Repeal the New Markets Tax Credit

2. Extend and modify the New Markets Tax Credit: (FY14 Administration Budget Proposal; S.996 (112th Congress) New Markets Tax Credit Extension Act of 2011, sponsored by Sens. Rockefeller and Snowe estimated in 2013 to cost \$7 billion over 10 years).

- a. Permanently extend the New Markets Tax Credit;
- b. Index the credit to inflation and allow it to offset AMT liability;
- c. Prohibit any project benefiting from the New Markets Tax Credit from also receiving any other federal tax benefit, federal grant, or federal loan (Coburn Amendment #14 to Chairman's Mark of the Family Business Tax Cut Certainty Act of 2012, S.3521 (112th Congress)); and/or

d. Prohibit New Markets Tax Credit from being claimed by entities that received TARP funding (Coburn Amendment #15 to Chairman's Mark of the Family Business Tax Cut Certainty Act of 2012, S.3521 (112th Congress)).

e. Prohibit New Markets Tax Credit from being used to support certain projects, such as fast food restaurants (Coburn Amendment #16 to Chairman's Mark of the Family Business Tax Cut Certainty Act of 2012, S.3521 (112th Congress))

This is the format used by the Committee for all the option papers it has reviewed. It is important to note that the Committee is not endorsing any of these steps. The purpose of the option papers is merely to lay out recent policy proposals relating to various areas of the tax code. As such, the options listed in the economic development paper ran the gamut from NMTC permanence to Senator Tom Coburn's amendments from last year's Senate Finance Committee markup of Tax Extenders. As you recall, Senator Coburn left the Finance Committee in the Congress to serve on the Banking Committee.

