NEW MARKETS
TAX CREDIT COALITION

Below is a submission from the New Markets Tax Credit Coalition to the United States Senate Committee on Banking, Housing and Urban Affairs in response to your call for proposals to foster economic growth.

Brief description of the proposal;

Adopt the provisions of the bipartisan New Markets Tax Credit Extension (NMTC) Act of 2017, S. 384, introduced by Senators Blunt and Cardin. S. 384 would:

- Make the NMTC permanent;
- Increase the allocation level with an inflation adjustment; and
- Provide AMT relief for NMTC investors, allowing smaller regional banks and other investors to participate.

Impact on economic growth;

In many small towns and inner-city neighborhoods across America, the Great Recession never ended. For communities caught in an economic death spiral, poor job prospects lead to population loss, disinvestment, declining property values, and a variety of social problems. To stop the bleeding and turn around local economies, the NMTC harnesses billions in private sector investment and delivers it to businesses, entrepreneurs, and revitalization projects that put people back to work and restore dignity to those caught in a cycle of poverty.

Extending and enhancing the NMTC would deliver more than $50 billion in total project financing to hard-hit communities over the next five years, including $10 billion to rural areas. These investments will 593,000 jobs, finance over 3,000 businesses and revitalization projects, including nearly 500 manufacturing and industrial businesses and more than 1,200 community facilities such as hospitals, schools, and daycare centers.[1]

Impact on the ability of consumers, market participants, and financial companies to participate in the economy;

By providing a shallow, low-return tax credit to investors, the NMTC allows conventional lenders to venture into new markets, tap into promising business opportunities, and expand their investment footprint. These new investments generate regional macroeconomic effects. Between 2003 and 2012, 4,000 NMTC projects totaling $63 billion in project costs generated an additional $56 billion in economic activity[2] by inducing consumer spending and supporting businesses down the supply chain.

Meaningful macroeconomic impacts are possible because low-income communities have significant untapped assets, including abandoned facilities and buildings; unmet consumer demand for retail, healthcare, or groceries; and most importantly, millions of Americans eager to get back to work. A large-

[1] NMTC Coalition estimate based on analysis of data from the Department of Treasury on more than 9,000 NMTC loans and investments between 2003 and 2014 along with NMTC Coalition industry survey data from 2014-2016.
[2] "A Decade of the NMTC". Report by the NMTC Coalition, 2014.

scale investment in an affluent community is a drop in the bucket, but a $30 million NMTC project in a small town or blighted neighborhood can be transformative.

Legislative language; and

S. 384. Bill text: https://www.congress.gov/bill/115th-congress/senate-bill/384/text?format=txt

Other background material as appropriate.

For estimates of the cost of the NMTC, the macroeconomic impact of NMTC investments, and tax revenue generated see "*A Decade of the NMTC",* a report by the NMTC Coalition (December 2014):

http://nmtccoalition.org/wp-content/uploads/A-Decade-of-the-NMTC.pdf

To view more than 100 NMTC project profiles, please see "*The NMTC: At Work in Communities Across America"* (December 2016):

http://nmtccoalition.org/wp-content/uploads/NMTC-at-Work-2016.pdf

To better understand the mechanics of the NMTC and to hear from businesses and low-income community residents benefiting from NMTC projects, please see the NMTC Coalition's short video:

http://nmtccoalition.org/video/