

Tax Policy Leaders Focus on New Markets Tax Credit



Push for Permanence, Expansion of Key Objectives

NEWS RELEASE BY NEW MARKETS TAX CREDIT COALITION

Washington, D.C. | December 01, 2022 02:53 PM Eastern Standard Time

Tax policy trends and economic recovery for underserved urban and rural communities were the focus as the New Markets Tax Credit (NMTC) Coalition held its annual NMTC Conference November 30-December 1, 2022. The event featured several members of Congress and the CDFI Fund Director as keynote speakers. Conference participants noted the need to pass legislation calling for the NMTC's **permanence** as a key tax policy.

The event kicked off with NMTC Coalition President, **Aisha Benson**, welcoming speakers and guests alike. The experienced NMTC practitioner and CEO of Nonprofit Finance Fund highlighted recent successes and looked to the future of the New Markets Tax Credit Coalition.

Keynote speakers included Senator Steve Daines (R-MT); and Mike Kelly (R-PA); Jodie Harris, Director, CDFI Fund, U.S. Department of Treasury and Graham Steele, Assistant Secretary, Financial Institutions, U.S. Department of the Treasury. Panelists included congressional staff, NMTC board members and leadership, investors and economic development leaders, Treasury Department officials and legal experts. Panels held discussions on the trends in NMTC projects, the pending expiration, the investor demand and pricing, legislative hurdles, and the latest insights from the Treasury Department.

In 2019, the NMTC was extended for one year (2020) with a 44 percent increase in allocation authority from \$3.5 to \$5 billion. In December 2020, Congress enacted a 5-year, \$25 billion NMTC extension through 2025, the largest in the program's history.

These two NMTC expansions were only possible because of the significant support for the NMTC in both parties. In the 117th Congress, nearly 170 members of Congress, evenly divided between Democrats and Republicans, took action in support of the NMTC by cosponsoring legislation expanding the Credit, making it permanent, or increasing the allocation levels.

"I look at the results and outcomes for return on investment and NMTC is a perfect example of a very good investment of taxpayer dollars to get a great return," said Sen. Daines. "Don't give up on telling your stories as you have on the Hill yesterday about the merits and projects that are being delivered and how its helping our communities. Just keep that push going."

"It's not just an investment in a property, it's an investment in the future," said Rep. Kelly. "It's taking a cost prohibitive property and turning it into a revenue producer... it's taking something the

community no longer values and making it an asset... This credit, by the way, is the answer, it's the answer."

At the conference, Rep. Kelly and Rep. Terri Sewell (D-AL) released a **sign on letter** to their House colleagues that urges the House Leadership to support including a permanent extension of the NMTC in any year-end tax legislation.

"With more than two decades of bipartisan successes under our belt, we're continuing our push to increase funds and to make the NMTC permanent," said Bob Rapoza, NMTC Coalition spokesperson. "At a time when the economic frailty of our underserved communities has never been more apparent, we see a tremendous opportunity for our coalition to help create jobs, spread opportunity and help put America back on a solid financial footing, and we implore Congress to make it happen."

Neither the current Congress nor the Biden administration has diminished support for the NMTC. The New Markets Tax Credit Extension Act of 2021 (H.R. 1321/S. 456) has already amassed over 140 combined cosponsors from both parties. The Biden Administration's Fiscal Year 2023 tax proposals included a permanent extension of the NMTC as well.

About New Markets Tax Credit Program

The New Markets Tax Credit (NMTC) was enacted in 2000 to stimulate private investment and economic growth in low-income urban neighborhoods and rural communities that lack access to the patient capital needed to support and grow businesses, create jobs, and sustain healthy local economies. Since its inception, the NMTC has generated more than one million jobs. Today due to NMTC, more than \$120 billion is hard at work in underserved communities in all 50 states, the District of Columbia, Guam and Puerto Rico. For more information, visit www.NMTCCoalition.org.

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