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## **New Markets Tax Credit Receives One-Year, \$5 Billion Extension.**

### **Spending Bill Signed Into Law Today Authorizes \$1.5 Billion Increase in Allocation**

WASHINGTON, Dec. 20, 2019 /PRNewswire/ — The Fiscal Year 2020 appropriations bill , H.R. 1865, signed into law today by President Trump, includes a one-year, \$5 billion extension of the New Markets Tax Credit (NMTC). The NMTC, which faced expiration on December 31, instead received a \$1.5 billion increase in allocation that will go far to meet the demand for this important resource that revitalizes communities, creates jobs, increases economic opportunity and improves lives.

The projected impact of \$5 billion in New Markets Tax Credits includes an estimated 138 manufacturing and industrial projects, 55 mixed-use projects, 51 health care projects and 115 community facility projects. It will also generate an estimated 118,000 jobs.

Established in 2000 in the Community Renewal Tax Relief Act (P.L.106-554), the New Markets Tax Credit is a bipartisan effort to stimulate investment and economic growth in low-income urban neighborhoods and rural communities. Since then, the New Markets Tax Credit has financed more than 6,000 projects and created over one million jobs in all 50 states, the District of Columbia and Puerto Rico. The NMTC was provided a five-year authorization in The PATH Act. (P.L. 114-113) in December 2015.

“As we celebrate the 20th anniversary of the New Markets Tax Credit in 2020, this extension and additional allocation for the next year is vital for many of America’s urban neighborhoods and rural communities, providing access to billions of dollars for high-impact, community revitalization projects,” said Bob Rapoza, spokesperson for the [NMTC Coalition](#). “No other the federal tax incentive is generally available to economically distressed rural and urban communities to promote economic revitalization. We appreciate our champions in Congress who worked to introduce the extension into the spending package, including Sens. Roy Blunt (R-MO) and Ben Cardin (D-MD) and Reps. Terri Sewell (D-AL), Tom Reed (R-NY), who introduced legislation last February to make the NMTC permanent. We also are grateful to Ways and Means Committee Chairman Richard Neal (D-MA) who is a longtime supporter of NMTC.”

The NMTC works by providing a shallow federal tax credit of 39 percent, taken over seven years, for investments made in census tracts where the individual poverty rate is at least 20 percent or where median family income does not exceed 80 percent of the area median. In 2019, more than 80 percent of all NMTC investments were in communities exhibiting severe economic distress with extremely low-incomes, high unemployment, or high poverty.

“The NMTC, despite its impressive track record in revitalizing communities, has been set at \$3.5 billion since 2007, resulting in a 30 percent decrease in buying power. The \$5 billion authorization is not only an increase above the current rate for NMTC from \$3.5 billion, but also an increase above inflation of over \$500 million,” adds Rapoza. “This much needed increase will go far to meet the exceptionally high demand, with is four to five times the availability on average.”

The Coalition notes that communities have come to count on the NMTC as a source of low-cost capital for challenging projects that would not have been possible but-for the NMTC. Since its inception, the Credit has delivered well over \$100 billion in flexible capital to farming towns and urban neighborhoods left outside the economic mainstream.

For examples of how the NMTC is making an impact in each state, see the NMTC Coalition's [State Impact Map](#) or check out its [Project Database](#).

## **New Markets Tax Credit Coalition**

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### ***About New Markets Tax Credit Program***

The New Markets Tax Credit (NMTC) was enacted in 2000 in an effort 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 \$100 billion is hard at work in underserved communities in all 50 states, the District of Columbia, and Puerto Rico. For more information, visit [www.NMTCCoalition.org](http://www.NMTCCoalition.org).

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