

FACT SHEET: THE NEW MARKETS TAX CREDIT EXTENSION ACT OF 2017

Introduced by Reps. Tiberi (R-OH), Neal (D-MA), and Reed (R-NY)

H.R. 1098

Introduced by Senators Blunt (R-MO) and Cardin (D-MD)

S. 384

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BILL SUMMARY (IDENTICAL BILLS)

- Provides an indefinite extension of the New Markets Tax Credit (NMTC).
- Provides an increase in the annual NMTC allocation and indexes the allocation to inflation in future years.
- Provides Alternative Minimum Tax (AMT) relief for NMTC investments thereby ensuring NMTC investors the same consideration under the AMT as is currently provided to investors in many other federal tax credits.

HISTORY & PURPOSE OF THE NEW MARKETS TAX CREDIT

The NMTC was authorized in the Community Renewal Tax Relief Act of 2000 (PL 106-554) as part of a bipartisan effort to stimulate investment and economic growth in low income urban neighborhoods and rural communities lacking access to the patient capital needed to support and grow businesses, create jobs, and sustain healthy local economies. The NMTC program attracts capital to eligible communities by providing private investors with a federal tax credit for investments made in businesses or economic development projects located in some of the most distressed communities in the nation.

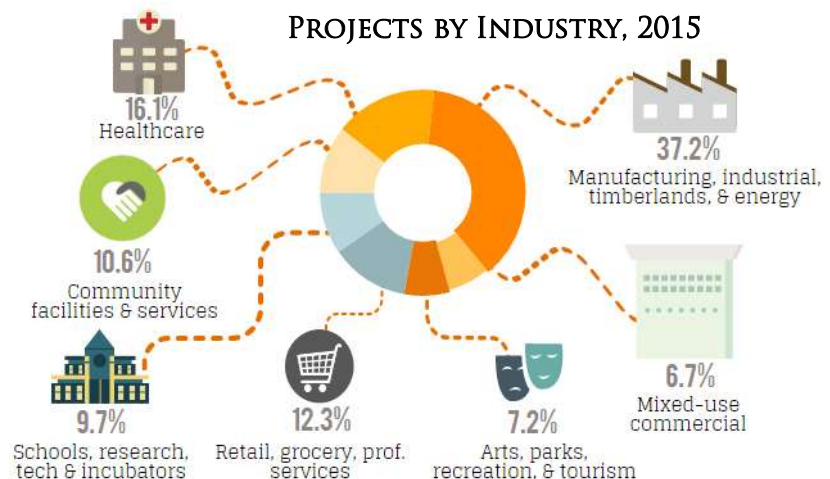
NMTC investors receive a tax credit equal to 39 percent of the total Qualified Equity Investment made in a Community Development Entity with the Credit realized over a seven-year period, amounting to 5 percent annually for the first three years and 6 percent in years four through seven. If an investor redeems the NMTC investment before the seven-year term has run its course, all Credits will be recaptured with interest.

ECONOMIC IMPACT

From 2003-2015: \$42 billion in NMTC investments generated \$80 billion total project financing.

Between 2003 and 2012, the NMTC generated about 750,000 jobs¹, at a cost to the federal government of less than \$20,000 per job.

By law, all NMTC investments must be made in economically distressed communities. However, more than 72 percent of all NMTC investments have been in communities exhibiting severe economic distress.



¹ A Decade of the NMTC (2003-2012), NMTC Coalition (December 2014).

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HR.1098

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