New Markets Tax Credit Program (NMTC) - Capital Access

Summary:
- The NMTC Program delivers considerable tax credit and investment opportunity. However, tribal communities and tribally-focused Community Development Enterprises (CDEs) have yet to benefit substantially since inception.
- Revise the designation of Indian Country to a disadvantaged state and expand the service nationally to serve more CDEs.
- Reserve $250 million from the $5 billion NMTC Program to fund tribal government development projects or partnerships for future investment.

Background Information:
In 2000, Congress established the NMTC Program to spur investments into projects located in low-income communities. Tax credits serve an important role for tribal governments since they can only issue debt and tax credits act similar to an equity investment for a portion of a project. The NMTC Program makes more projects feasible, cost effective and much easier for tribes to attract private investment. Since the NMTC Program’s inception, the CDFI Fund has delivered $70 billion in tax credit authority to Community Development Enterprises (CDE) through a competitive application process. This amount has created around 750,000 jobs, financed industrial and commercial facilities, health and community centers, and small business loan funds.

Despite the considerable amount of tax credits distributed throughout the country and the potential of the program to significantly increase economic growth in Indian Country; tribal communities and tribally-focused CDEs have been left behind. The CDFI Fund defines approximately 40% of the United States as eligible for NMTC scheme, as of 2010 Census, however some areas of Indian Country are not covered.

Recommendation:
To ensure tax credits will be deployed in Indian Country, in its entirety, the Administration must revise the designation of Indian Country to a disadvantaged state. This is similar to the designation given to American Indians in the Small Business Act. Also to expand the service area nationally so it can be served by more CDEs. Finally, Congress must consider legislation to reserve a separate allocation of at least $250 million from the $5 billion NMTC program for Indian Country. The reserve would fund tribal government development projects or projects that partner with tribal governments for community, infrastructure, and economic development.