NEW MARKETS TAX CREDIT (NMTC)
Providing financing for business and community facilities

What is the NMTC?
The NMTC was created in December 2000 to spur investment and the flow of capital in the country’s most distressed communities. Through the NMTC, investors receive a 39 percent Federal income tax credit, taken over seven years. This credit is dependent on qualified investments being made into an eligible project. The investments in these projects are identified by Community Development Entities (CDEs). The credits are allocated to CDEs through a competitive application process managed by the CDFI Fund at the U.S. Department of the Treasury. Each dollar of federal investment in the NMTC results in eight dollars of private investment.¹

Eligible Communities
Projects located in census tracts with a poverty rate of 20 percent or more or those with a median income of no more than 80 percent of the area median income (or up to 85 percent in high migration rural counties) are eligible for NMTC investments. In 2019, 98 percent of NMTC allocatees pledged to deploy their allocations in areas exhibiting severe economic distress and 20 percent were in rural areas.

Eligible Projects
The NMTC can be used for a variety of projects based on community need. The NMTC has financed hospitals, schools, daycare centers, apprenticeship programs, business incubators, manufacturing facilities, and other types of commercial development.

About the NMTC Reauthorization
The NMTC’s current authorization will expire on December 31, 2025. Last year, Congress passed a five-year extension of the NMTC at an annual allocation of $5 billion. This year, Senators Ben Cardin (D-MD) and Roy Blunt (R-MO), along with Representatives Terri Sewell (D-AL) and Tom Reed (R-NY), have introduced the New Markets Tax Credit Extension Act of 2021 (S. 456/H.R. 1321). OFN strongly supports this effort to make the NMTC permanent. A permanent extension of the credit will allow CDEs to plan projects without the uncertainty of whether future allocations will be available.

About OFN
The leading national network of CDFIs, Opportunity Finance Network (OFN) seeks to maximize the effectiveness of member and non-member CDFIs through direct financing, learning opportunities, industry events, and advocacy. With our members, investors, and partners, OFN connects communities to capital that creates jobs, supports small business, builds affordable housing, fosters sustainability and resilience, promotes responsible borrowing and lending, and delivers high impact.


NEW MARKETS TAX CREDIT (NMTC) Cumulative Impact through 2019

$100 billion
in total financing

More than 1 million
jobs created

$1 billion annually

to support manufacturing and
industrial facilities, financing
over 1,400 manufacturing
businesses.

1043 hospitals and
healthcare facilities, serving
20 million
patients

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