

JIM COSTA

16TH DISTRICT, CALIFORNIA

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CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

December 1, 2017

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, D.C. 20510

The Honorable Kevin Brady
Chairman, Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20510

Dear Speaker Ryan and Chairman Brady,

As the Senate and House move towards a conference committee to reconcile the two tax bills, I am writing to request that the final version of the bill includes a permanent extension of the New Market Tax Credit (NMTC). The NMTC is a vital tool for economic and community development throughout the San Joaquin Valley, a region that I have the honor and privilege to represent in the U.S. Congress. The results have made a difference, and I can attest to the many benefits NMTC provides families in some of my district's most impoverished communities and throughout the nation.

As you know, the NMTC was established in 2000 in the Community Renewal Tax Relief Act as a bipartisan effort to stimulate business investment and economic growth in low-income communities that lack access to capital. According to New Market Tax Credit Coalition, between 2003-2015 \$42 billion in NMTC investments incentivized \$80 billion total project financing that created 750,000 jobs nationwide. Furthermore, NMTC investments has reached communities with severe economic distress, including unemployment rates more than 1.5 times the national average and a poverty rate of 30 percent.

To date, the program has funded 14 separate projects totaling over \$145,000,000 in capital costs in the San Joaquin Valley. These projects would not have been possible without the NMTC program. Additionally, the NMTC program has produced nearly 1,000 construction jobs and created over 600 permanent full time jobs throughout the San Joaquin Valley. The NMTC is a program that not only pays for itself, but generates income for our communities and other areas of the country.

A few of these projects are detailed below:

- **Fresno Rescue Mission** – an innovative campus for homeless women and children. Each year, the project provides nearly \$2 million dollars' worth of room nights, meals and social services. This represents nearly 7 to 1 return on NMTC investments dollars.

FRESNO OFFICE:
855 M STREET, SUITE 940
FRESNO, CA 93721
PHONE: (559) 495-1620
FAX: (559) 495-1027

MERCED OFFICE:
2222 M STREET, SUITE 305
MERCED, CA 95340
PHONE: (209) 384-1620
FAX: (209) 384-1629

WASHINGTON OFFICE:
2081 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
PHONE: (202) 225-3341
FAX: (202) 225-9308

- **United Health Centers (UHC)** – This network of federally qualified health centers (FQHCs) has utilized the NMTC program to build clinics in the extremely impoverished communities of Mendota, Parlier, Fowler, and Sanger. To date, the new clinics have allowed UHC to increase their service capacity by 26,000 patients. In 2016 alone, these new patients were provided with over 140,000 health care appointments valued at over \$9 million dollars. Without the NMTC program, UHC would not have been able to finance or construct these clinics.
- **First Five Fresno** – NMTC provided the necessary gap financing for this early childhood service provider to develop and construct their new social services center, downtown preschool for families of limited income and office space for non-profit providers.
- **Community Medical Center** – NMTC was used to finance a desperately needed downtown ambulatory care facility in one of Fresno’s most economically-distressed neighborhoods. Due to the location of the facility and payor mix, conventional financing was not available.
- **North Fork Bioenergy Plant** – This is a first of kind plant that utilizes dead trees from the Sierra Nevada Mountains as feedstock for an award-winning bioenergy plant. Due to the project’s new technology, remote location and lack of operating history, NMTC financing was the only non-grant funding available for the project.

As the conference committee works towards reconciling both tax bills, it is my hope that the NMTC becomes a permanent extension. The repeal of the NMTC allocation is minuscule in terms of cost, saving less than \$1.8 billion over ten years. It is imperative that the committee examines tax credits effectiveness and takes into consideration the need for new investment in low-income communities while preserving this important tool for job creation and economic revitalization.

Sincerely,



JIM COSTA
Member of Congress

cc: Democratic Leader Nancy Pelosi
Ranking Member Richard Neal, Committee on Ways and Means