

November 3, 2017

The Honorable Kevin Brady
Chairman
Committee on Ways & Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
United States House of Representatives
341 Cannon House Office Building
Washington, DC 20515

Dear Chairman Brady and Ranking Member Neal:

I am writing to urge you to support the New Market Tax Credit (NMTC) Program as part of tax reform. The members of the Community Development Bankers Association (CDBA) are gravely concerned that the House tax proposal - H.R. 1, the Tax Cuts and Jobs Act - would terminate the final two years of NMTC allocation authority that was authorized in the PATH Act in 2015.

We urge you to: (1) not repeal the PATH Act; and (2) support the extension of the NMTC Program to 2022 or longer. Termination of NMTC will negatively impact the poorest urban and rural communities by eliminating \$14 billion in financing for business expansions, daycare facilities, hospitals, charter schools, and other important revitalization projects.

CDBA is the national trade association of the CDFI bank sector. We are the voice and champion of banks with a mission of serving low-income communities. The Treasury Department has certified 137 banks and thrifts and 87 bank holding companies as Community Development Financial Institutions (CDFIs). To be a certified CDFI, a bank must demonstrate that at least 60% of its lending and other activities serve low-income communities. The NMTC Program is a valuable resource for CDFI banks to help businesses expand and create jobs in their communities.

While tax reform promises to generate broad economic growth, it is unlikely to help low-income communities. Low-income communities need targeted forms of assistance, like NMTC, that can spark new job creation and revitalization. NMTC is a critical tool for ensuring that economic growth reaches low-income urban and rural communities. Between 2003 and 2015, \$42 billion in NMTC financing leveraged over \$80 billion in total project investments, creating nearly 750,000 jobs. The NMTC is the most flexible, cost-efficient way to ensure these struggling communities have access to private sector capital.

Based on past scores prepared by the Joint Committee on Taxation, the cost of two years and \$7 billion in NMTC allocation authority is less than \$1.8 billion over ten years. Furthermore,

the new tax revenue generated by NMTC-financed business activity easily covers the cost of the NMTC Program.

The NMTC Program has strong, bipartisan backing among House and Senate lawmakers, evidenced by the diverse list of cosponsors for the NMTC Extension Act of 2017 (H.R. 1098 and S. 384).

We strongly urge you to restore the final two years of the NMTC authorized in the PATH Act and to support and extend the NMTC Program as part of tax reform.

We welcome the opportunity to continue this dialogue. Please contact Jeannine Jacokes at (202) 689-8935 ext. 222 or jacokesj@pcqloanfund.org for additional questions.

Sincerely,



Jeannine S. Jacokes
Chief Executive Officer
On Behalf of the Membership of the Community Development Bankers Association

ABC Bank (IL)
Albina Community Bank (OR)
BankFirst Financial Services (MS)
Bank of Anguilla (MS)
Bank of Commerce (MS)
Bank of Kilmichael (MS)
Bank of Lake Village (AR)
Bank of Montgomery (LA)
Bank of Rio Vista (CA)
Bank of Vernon (AL)
Bank of Winona (MS)
BankPlus (MS)
Beneficial State Bank (CA)
Broadway Federal Bank (CA)
Carver Federal Savings Bank (NY)
Carver State Bank (GA)
Central Bank of Kansas City (MO)
Century Bank of the Ozarks (MO)
Citizens National Bank (MS)
City First Bank of D.C., N.A. (DC)
City National Bank of New Jersey (NJ)
Commercial Bank (MS)
Commercial Capital Bank (LA)
Community Bancshares of Mississippi (MS)
Community Bank of the Bay (CA)

Farmers & Merchants Bank (MS)
First American International Bank (NY)
First Eagle Bank (IL)
First Independence Bank (MI)
First National Bank & Trust (AL)
First Security Bank (MS)
First SouthWest Bank (CO)
FNBC Bank (AR)
Guaranty Bank and Trust Company (MS)
Illinois Service Federal (IL)
Industrial Bank (DC)
International Bank of Chicago (IL)
Legacy Bank and Trust (MO)
Mechanics and Farmers Bank (NC)
Merchants and Planters Bank (MS)
Metro Bank (KY)
Mission National Bank (CA)
Mission Valley Bank (CA)
Native American Bank, N.A. (CO)
Neighborhood National Bank (CA)
NOAH Bank (PA)
Northern Hancock Bank & Trust (WV)
OneUnited Bank (MA)
Pan American Bank (IL)
Peoples Bank (MS)
Planters Bank (MS)
PriorityOne Bank (MS)
Richland State Bank (LA)
RiverHills Bank (MS)
Security Federal Bank (SC)
Security State Bank (OK)
South Carolina Community Bank (SC)
Southern Bancorp, Inc. (AR)
Spring Bank (NY)
Start Community Bank (CT)
State Bank & Trust Company (MS)
Sunrise Banks (MN)
Sycamore Bank (MS)
The First, A National Banking Assoc. (MS)
The Jefferson Bank (MS)
United Bank (AL)
United Bank of Philadelphia (PA)
Urban Partnership Bank (IL)
Virginia Community Capital (VA)