

## How the Permanent New Markets Tax Credit Can Unlock Funding for Your Business

For more than 20 years, the New Markets Tax Credit program has helped bring private investment into low-income communities, but there was always a catch. Every few years, investors, developers, and business owners had to wonder: Will Congress renew it? Now there's no reason to wonder, because the NMTC has been made permanent with the One Big, Beautiful Bill Act.

With this program, investors can claim a federal tax credit worth 39% of their investment spread over seven years, 5% for the first three years and 6% for the next four. These investments go through Community Development Entities, or CDEs, which are certified by the Treasury CDFI Fund. CDEs then provide loans, equity, or technical help to qualifying businesses in low income areas. Projects have to be in communities with at least 20% poverty rate, or where median family income was 80% or less of the area median.

OBBBA didn't change how the New Markets Tax Credit works. The credit structure, eligibles, and CDE process all stay the same. The only change is that now the program is permanent. That means no more waiting for renewals, no more guessing games for multi-year projects, and no new restrictions or sourcing rules added on top.

For business owners in qualifying communities, this permanence is important. CDEs can now think long term, making them more open to projects that take time to build. That means better access to capital. More consistent annual allocations may support more projects. Favorable financing: NMTC deals often come with below market interest rates, equity infusions, and flexible repayment terms. More synergy: The OBBBA also expanded tools like the Low Income Housing Tax Credit, creating a landscape where community focused projects can combine multiple funding streams. Just remember that competition for these funds is strong. To stand out your project needs to be ready to go.

If you think NMT financing might fit your business, start by checking your location. Use the CDFI Fund CIMS tool to see if your census tract qualifies. Then connect with a community development entity early. They decide where NMTC dollars go. Come prepared with a solid business plan, clear community benefits, and financial projections that show your project can last. And don't forget to

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think creatively. You can often layer NMTCs with other incentives to make your financing even stronger.

By making New Markets Tax Credits permanent, the OBBBA removes the uncertainty that used to cloud the program. Now, businesses have a steady path to pursue NMTC backed financing, and communities have a stronger chance to track the investment they need to grow and thrive.

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