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Categories:

[One Big Beautiful Bill Act Publications](#)

Authors:

[Kevin L. Cooney](#)
[Colleen M. Haas](#)
[Frances Kern Mennone](#)
[Shayla Kendricks](#)

One Big Beautiful Bill Act Delivers Historic Win, Making New Market Tax Credits Permanent

The New Markets Tax Credit (NMTC) Program has reached a historic milestone. After 25 years of proven success, permanency is finally here.

The NMTC Program's numbers tell a story of remarkable achievement that every community development professional needs to understand. Contained in the One Big Beautiful Bill Act, which President Trump signed into law on July 4, 2025, was a provision that makes the NMTC permanent at [\\$5 billion in annual allocation authority](#). This isn't just another extension—it's the permanency that advocates have fought for, and the program stability that communities deserve.

The scale of impact to qualified low-income census tracts across the country is dramatic. As of the end of fiscal year 2023, the NMTC Program had [generated](#) \$8 of private investment for every \$1 of federal funding, construction or rehabilitation of over 268.2 million square feet of commercial real estate, and creation or retention of more than 888,200 jobs. Since the program's inception, \$81 billion in federal allocations has resulted in over 8,500 projects and created 1.2 million jobs. In 2023 alone, [NMTCs funded 322 projects](#) generating 59,332 jobs, including 33,676 permanent FTE jobs and 25,656 construction jobs.

What Are NMTCs, Again? NMTC Basics

The NMTC Program attracts private investors who invest in Community Development Entities (CDEs) that have received NMTC allocations. These CDEs then use the capital to provide loans and investments to businesses and projects located in qualified low-income communities. Private investors attracted by tax credit returns invest in CDEs with NMTC allocations to fund loans from the CDEs to businesses with qualifying projects.

The credit equals 39% of the investment paid out over seven years (5% in each of the first three years, then 6% in the final four years).

What permanency changes is not the credit structure, but the ability to plan multi-phase developments, establish long-term community partnerships, and build the institutional capacity that sustainable community development requires.

Proven Success Gets Rewarded with Permanency

The NMTC's track record speaks for itself. From December 2010 through December 2015, the program faced four retroactive extensions that created some uncertainty in investment markets. However, the five-year extensions enacted in 2015 and 2020 demonstrated what stability could accomplish—dramatic increases in investment activity and program effectiveness that convinced lawmakers of the program's value.

NMTCs have been criticized in part due to their variability, but their fundamental strength shines through every challenge. The program's reach spans manufacturing, food security, and community services, demonstrating remarkable versatility in addressing diverse community needs.

In Kinston, North Carolina, Rural Development Partners (RDP) allocated [\\$17.5 million in NMTC financing](#) to help Crown Equipment Corporation acquire, modernize, and equip a 255,295 square foot manufacturing facility. The expansion created 192 jobs and retained 340, with some positions re-shored from the company's overseas operations in a rural county that had lost nearly 23% of its population since 1990.

Food security projects demonstrate the program's community impact. In East Point, Georgia, RDP partnered with The Reinvestment Fund, Kroger, and PNC Bank to provide [\\$46 million in NMTC financing](#) to the Atlanta Community Food Bank for a new 345,000 square foot warehouse and distribution facility. The project doubled the food bank's distribution capacity and quadrupled fresh produce storage space, serving nearly 700 community-based nonprofit organizations in low-income communities.

Access to healthy food also drives retail development. In Fountain, Colorado, The Kroger Co. [used NMTC financing](#) to open a new grocery store location in an area considered a low-income food desert. According to the 2023 El Paso County Community Needs Assessment Report, nearly one in three county residents live in low-income areas with limited food access. The new store addresses this critical gap while Kroger's Zero Hunger/Zero Waste Impact Plan anticipates distributing over 34,000 pounds of fresh food annually to local hunger relief organizations.

The program's versatility drives its success. NMTC financing in 2023 alone [supported 89 manufacturing and industrial businesses](#) with direct loans and equity investments; 89 healthcare projects, including 49 federally qualified health centers; and 195 projects with community facility components. These aren't just statistics—they represent transformed communities where businesses thrive, families access healthcare, and economic opportunity takes root.

The Political Reality

The NMTC was set to expire with the combined calendar year 2024–2025 round, creating the familiar last-minute scramble that has characterized the program throughout its history. The [New Markets Tax Credit Extension Act of 2025](#) was introduced by Senators Daines and Warner, and Representatives Tenney and Sewell, demonstrating the continued bipartisan support that has sustained the program through multiple administrations.

What changed the dynamic was the inclusion of NMTCs in the One Big Beautiful Bill Act, the Trump administration's comprehensive reconciliation package. Unlike standalone bills that face uncertain legislative calendars, reconciliation bills move on fast tracks with limited amendment opportunities. The Senate Finance Committee's addition of permanent NMTC was a huge victory for the program after being left out of the House version.

The political timing reflects both the program's proven effectiveness and its alignment with the current administration's economic priorities, including a focus on manufacturing, rural development, and private-sector solutions to public challenges.

However, the final law does not include annual inflation indexing, nor the ability to take the NMTC against alternative minimum tax liability. These limitations mean advocacy efforts should continue, but the permanency foundation is now in place.

What Permanency Means for the Future

The final One Big Beautiful Bill Act makes the NMTC permanent at \$5 billion in annual allocation authority, with each annual allocation generating [\\$1.95 billion in tax credits over seven years](#). This represents a huge victory after the NMTC was left out of the initial House reconciliation bill.

The timing for NMTC permanency aligns with broader economic development needs. The record-setting \$10 billion in NMTC authority for the combined calendar year 2024–2025 round surpassed the \$7 billion provided in the combined 2015–2016 round. This demonstrates both growing demand and the program’s capacity to deploy capital effectively.

Because NMTC relies on private capital attracted by tax credit returns, it creates market-driven solutions to community development challenges. Unlike grant programs that depend on annual appropriations, or loan programs that require government lending capacity, the NMTC leverages private investment to address public priorities. Permanency removes the political risk that previously limited institutional investor participation.

Bottom Line

This is the community development moment for strategic thinking. The combination of proven NMTC performance and permanent program availability creates unprecedented opportunity for professionals who understand how to leverage stable financing tools for maximum community impact. For example, since 2003, the NMTC Program has deployed more than [\\$135 billion in capital to low-income communities](#) to develop thousands of health centers and community facilities.

Permanency allows for more structured program operation that addresses longstanding market concerns and years of criticism

about NMTC variability, while also maintaining the market-driven efficiency that has historically made the program successful.

For help navigating NMTC financing and community development strategies, please contact the authors or any attorney with Frost Brown Todd's [Public Finance](#), [Real Estate](#), or [Tax](#) practices.

More OBBBA Coverage

The One Big Beautiful Bill Act stands to fundamentally reshape the fiscal landscape across key sectors, introducing both immediate compliance challenges and long-term planning imperatives for businesses. This collection of articles sheds light on the OBBBA's key components to help you better understand and prepare for the changes ahead while taking advantage of the new tools (and tradeoffs) offered by the OBBBA.

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