

February 14, 2023

Senate Tax Chair Ann Rest &
Members of the Minnesota Senate Tax Committee

I am writing about the state New Markets Tax Credit bill, SF 1512. Midwest Minnesota Community Development Corporation (MMCDC) has utilized \$674 million of federal NMTC allocation to assist many businesses throughout Minnesota with expansions and other investments over the past 18 years. NMTC financing leverages the tax credit investment with private capital, making it a very efficient public investment.

This state level bill would allow similar assistance in Minnesota at a deeper level, as Minnesota companies would not be competing with those in other states. With a maximum of \$10 million of tax credits per business from all sources, it is focused towards smaller investments than the federal credits. The current entities in Minnesota utilizing the federal NMTC program are some of the most active in the country at providing this benefit to small businesses; MMCDC has provided NMTC financing as small as \$250,000. More than half of our 116 projects financed with NMTC have been below \$3 million. Further, I expect this will allow us to assist some of the companies that aren't as competitive per the census data, especially in Greater Minnesota.

The active Minnesota NMTC entities include MMCDC, Community Reinvestment Fund, Sunrise Banks, and Bremer Bank. US Bank, based in Minnesota, is a very active investor for NMTC and has indicated they would be interested in investing in these Minnesota credits. We have a strong working relationship with their tax credit group.

This bill will provide substantial benefit to Minnesota companies and the Minnesota economy for years to come. If you have questions or would like to discuss this bill, I would be glad to do so. My office number is 218-844-7019, or my cell is 218-252-4440.

Thank you,



Julia Nelmark
President, MMCDC

