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The Creating Opportunities for Rural Economies (CORE) Act

Introduced by Senator Shelley Moore Capito (R-W.Va.)

Background:

The CORE Act leverages the power of New Market Tax Credits (NMTCs) by dedicating a portion of the credit to low-income communities suffering from job loss in the coal industry.

The Need:

Communities across the country have been hard hit by significant loss of direct and indirect coal jobs in recent years. Between 2011 and the first quarter of 2016, the U.S. has lost 67,190 coal jobs or a 47% decrease according to the Mine Safety & Health Administration. Those jobs include only direct job loss, and do not include the equipment suppliers and mechanics, accountants and lawyers, gas stations and restaurants whose clientele evaporated, leaving communities with gutted tax bases that often struggle to maintain basic services. *The CORE Act* provides a needed incentive to spur investment in these struggling communities with projects such as mixed-use redevelopment, health care facilities, new food pantries and grocery stores in food deserts, manufacturing facilities, and direct investment in business.

The Solution:

The CORE Act leverages the power of the existing New Market Tax Credit (NMTC) program and dedicates a portion of the credit to low-income communities suffering from the loss of jobs in the coal industry.

- *The CORE Act* sets aside 5 percent of available NMTCs annually or $525 million over a three year period beginning in 2017 for investments in states that have suffered substantial coal job loss.
- To qualify for this investment under *the CORE Act*, a county must:
    1. Be one of the top 30 counties designated by the Mine Safety & Health Administration as having significant coal job loss from 2012 to 2015 <u>AND</u> have one or more census tracts that qualifies as a “low-income community” under the existing NMTC eligibility rules.
    2. Be a neighboring county to a county that meets all of the original criteria and contain a qualifying “low-income community” under NMTC eligibility rules.

- *The CORE Act* ensures that the credits go to the regions that have suffered the greatest amount of coal job loss.
- As of the bill's introduction, counties in 12 states qualify, including Alabama, Colorado, Kentucky, Indiana, Illinois, New Mexico, Ohio, Pennsylvania, Texas, Utah, Virginia and West Virginia.

Background on New Markets Tax Credits:

The NMTC program was enacted in 2000 to spur investment in low income regions of the country. Since 2001, Congress has authorized $61 billion in tax credit investments, and the program is currently funded through 2019. The U.S. Department of the Treasury's Community Development Financial Institutions Fund makes annual allocations to Community Development Entities (CDEs) that have applied for tax credit allocations. Once a CDE is allocated credits, it matches investments in businesses and economic development projects in low-income communities. Investors provided capital investments in the CDE in exchange for a tax credit. The tax credit value is 39% of the cost of the qualified investment and is claimed by the investor over a seven year period in increments of 5% for the first three years and increments of 6% for the remaining four years.