

113TH CONGRESS
1ST SESSION

H. R. 3439

To amend the Internal Revenue Code of 1986 to provide for the permanent application of the new markets tax credit for the redevelopment of communities impacted by realignment or closure of military installations.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 30, 2013

Mr. THOMPSON of California (for himself and Mr. HALL) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for the permanent application of the new markets tax credit for the redevelopment of communities impacted by realignment or closure of military installations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “New Markets Tax
5 Credit Military Installation Act of 2013” or the “NMTC
6 Military Installation Act”.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

1 (1) Since 1988, through 5 separate rounds of
2 the Base Realignment and Closure process, more
3 than 300 military installations located in 48 States
4 and 3 United States territories have had their mis-
5 sions eliminated or realigned.

6 (2) 120 of these former installations were
7 “major” base closures, resulting in the loss of 300
8 or more military and civilian jobs at each closure.
9 While these communities received Federal support in
10 the 1990s, there are currently no Federal programs
11 to support the physical redevelopment at closed or
12 realigned installations.

13 (3) Despite local active efforts to promote rede-
14 velopment, nearly 100 of these closed or realigned
15 military installations are located in economically dis-
16 tressed communities now suffering from high unem-
17 ployment and disproportionately high poverty rates
18 as determined by the Department of the Treasury.

19 (4) More than 20 of these former installations
20 are located in even harder hit “severely distressed”
21 communities as defined by the Department of the
22 Treasury.

23 (5) One example is the City of Vallejo, Cali-
24 fornia, which in 2008 filed for bankruptcy protection
25 due in part to closure of the Mare Island Naval

1 Shipyard and the accompanying loss of almost
2 10,000 jobs.

3 (6) When a military base is closed, the Depart-
4 ment of Defense is required to complete any nec-
5 essary environmental cleanup at the former base and
6 then transition the property to a Local Redevelop-
7 ment Authority, usually a local government. To-
8 gether, the Department of Defense Office of Eco-
9 nomic Adjustment and the Local Redevelopment Au-
10 thority create a redevelopment plan for the property.
11 The goal of this process is to lead to a timely, bene-
12 ficial, revenue generating reuse of these former mili-
13 tary bases.

14 (7) However, numerous former military installa-
15 tions have taken much longer and cost much more
16 than expected to clean up, thereby significantly de-
17 laying reuse and causing many of these communities
18 to become or remain economically distressed.

19 (8) In 2000, the New Markets Tax Credit
20 (NMTC) program was created to spur private sector
21 investment in low-income communities suffering
22 from chronic unemployment and high poverty rates
23 by providing investors with a 7-year, 39-percent
24 Federal income tax credit for investments made
25 through investment vehicles known as Community

1 Development Entities. According to the Department
2 of the Treasury, every \$1 of foregone tax revenues
3 under the NMTC program leverages about \$12 of
4 private investment in distressed communities on a
5 cost basis.

6 (9) Recently, the community in Brunswick,
7 Maine, has been successfully redeveloping the former
8 Naval Air Station located there, by using among
9 other tools the NMTC. In particular, the NMTC was
10 used to build a new, \$15 million, 80,000 square foot
11 manufacturing facility operated by Swedish medical
12 supply maker Molnlycke Health Care. A second
13 NMTC was used to make \$20 million in renovations
14 of facilities now operated by aircraft manufacturer
15 Kestrel Aeroworks. This latter project could have
16 been 3 times as large had additional NMTC funds
17 been available. These two projects alone will bring
18 over 200 high-tech, high-wage jobs among other sig-
19 nificant economic benefits to this economically dis-
20 tressed former military community.

21 (10) Communities surrounding these former
22 military installations still face the difficult challenges
23 of economic redevelopment resulting from the loss of
24 the Federal workforce and the supporting infrastruc-
25 ture associated with the former military missions lo-

1 cated there. Focusing part of the successful NMTC
2 to help these communities that are still struggling
3 after the military exodus will help facilitate the eco-
4 nomic redevelopment that these distressed commu-
5 nities need.

6 **SEC. 3. PERMANENT APPLICATION OF NEW MARKETS TAX**
7 **CREDIT LIMITATION WITH RESPECT TO COM-**
8 **MUNITIES IMPACTED BY REALIGNMENT OR**
9 **CLOSURE OF MILITARY INSTALLATIONS.**

10 (a) IN GENERAL.—Subsection (f) of section 45D of
11 the Internal Revenue Code of 1986 is amended by adding
12 at the end the following new paragraph:

13 “(4) SPECIAL RULE FOR ALLOCATION OF LIM-
14 TATION FOR REDEVELOPMENT OF COMMUNITIES IM-
15 PACTED BY REALIGNMENT OR CLOSURE OF MILI-
16 TARY INSTALLATIONS.—

17 “(A) IN GENERAL.—Notwithstanding para-
18 graph (1), for calendar year 2014 (and each
19 calendar year thereafter) the Secretary shall al-
20 locate \$100,000,000 in new markets tax credit
21 limitation among qualified development entities
22 selected by the Secretary to make qualified low-
23 income community investments within the
24 former boundaries of military installations re-
25 aligned or closed pursuant to a base closure law

1 (as defined in section 101(a)(17) of title 10,
2 United States Code).

3 “(B) QUALIFIED DEVELOPMENT ENTITY
4 MISSION REQUIREMENT.—A qualified commu-
5 nity development entity shall be eligible for an
6 allocation under subparagraph (A) only if a sig-
7 nificant mission of such entity is the redevelop-
8 ment of such a military installation.

9 “(C) CARRYOVER OF UNUSED LIMITA-
10 TION.—If the new markets tax credit limitation
11 for any calendar year exceeds the aggregate
12 amount allocated under subparagraph (A) for
13 such year, such limitation for the succeeding
14 calendar year shall be increased by the amount
15 of such excess.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to allocations after December 31,
18 2013.

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