

116TH CONGRESS  
2D SESSION

# H. R. 8965

To amend the Internal Revenue Code of 1986 to make certain improvements to the new markets tax credit, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 14, 2020

Ms. SEWELL of Alabama (for herself and Mr. REED) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to make certain improvements to the new markets tax credit, and for other purposes.

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 Sta-  
5 bilization Act”.

6 **SEC. 2. IMPROVEMENTS TO NEW MARKETS TAX CREDIT.**

7 (a) ADDITIONAL ALLOCATIONS.—

8 (1) IN GENERAL.—Section 45D(f)(1) of the In-  
9 ternal Revenue Code of 1986 is amended by striking

1       subparagraphs (G) and (H) and inserting the fol-  
2       lowing new subparagraphs:

3               “(G) \$3,500,000,000 for each of calendar  
4       years 2010 through 2018,

5               “(H) \$4,000,000,000 for calendar year  
6       2019,

7               “(I) \$7,000,000,000 for calendar year  
8       2020,

9               “(J) \$6,500,000,000 for calendar year  
10      2021, and

11              “(K) \$5,500,000,000 for calendar year  
12      2022.”.

13              (2) CONFORMING AMENDMENT.—Section  
14      45D(f)(3) of such Code is amended by striking  
15      “2025” and inserting “2027”.

16              (3) SPECIAL RULE FOR ALLOCATIONS OF IN-  
17      CREASED 2019 AND 2020 LIMITATION.—The amount  
18      of the increase by reason of the amendments made  
19      by paragraph (1) in the new markets tax credit limi-  
20      tation for calendar year 2019 and the amount of  
21      such increase for calendar year 2020 shall each be  
22      allocated in accordance with section 45D(f)(2) of the  
23      Internal Revenue Code of 1986 to qualified commu-  
24      nity development entities (as defined in section  
25      45D(c) of such Code) which—

1 (A) submitted an allocation application  
2 with respect to the calendar year to which such  
3 increase relates, and

4 (B)(i) did not receive an allocation with re-  
5 spect to such calendar year, or

6 (ii) received an allocation for such calendar  
7 year in an amount less than the amount re-  
8 quested in the allocation application.

9 (b) PERMANENT ALLOWANCE OF CREDIT AGAINST  
10 ALTERNATIVE MINIMUM TAX.—

11 (1) IN GENERAL.—Section 38(c)(4)(B) of the  
12 Internal Revenue Code of 1986 is amended clauses  
13 (vii) through (xii) as clauses (viii) through (xiii), re-  
14 spectively, and by inserting after clause (vi) the fol-  
15 lowing new clause:

16 “(vii) the credit determined under sec-  
17 tion 45D to the extent attributable to  
18 qualified equity investments originally  
19 issued after the date of the enactment of  
20 this clause,”.

21 (2) EFFECTIVE DATE.—The amendments made  
22 by this subsection shall apply to taxable years end-  
23 ing after the date of the enactment of this Act.

24 (c) CREDIT ALLOWED TO BE CARRIED BACK 5  
25 YEARS AND TO OFFSET ENTIRE TAX LIABILITY AS TEM-

1 PORARY INCENTIVE FOR MAKING INVESTMENTS IN  
2 QUALIFIED COMMUNITY DEVELOPMENT ENTITIES.—

3 (1) IN GENERAL.—In the case of the portion of  
4 the new markets tax credit determined under section  
5 45D of the Internal Revenue Code of 1986 which is  
6 attributable to qualified equity investments originally  
7 issued after the date of the enactment of this Act  
8 and before January 1, 2023—

9 (A) sections 38 and 39 of such Code shall  
10 be applied separately with respect to such por-  
11 tion,

12 (B) notwithstanding section 39(d) of such  
13 Code, section 39(a) of such Code shall be ap-  
14 plied—

15 (i) by substituting “each of the 5 tax-  
16 able years” for “the taxable year” in para-  
17 graph (1)(A) thereof,

18 (ii) by substituting “25 taxable years”  
19 for “21 taxable years” in paragraph (2)(A)  
20 thereof, and

21 (iii) by substituting “24 taxable  
22 years” for “20 taxable years” in subpara-  
23 graph (2)(B) thereof,

1 (C) the amounts described in subpara-  
2 graphs (A) and (B) of section 38(c)(1) of such  
3 Code shall each be treated as being zero, and

4 (D) the limitation under section 38(c)(1)  
5 of such Code (as modified by subparagraph  
6 (C)) shall be reduced by the credit allowed  
7 under section 38(a) for the taxable year (other  
8 than the portion of qualified new markets tax  
9 credit to which this paragraph applies).

10 (2) COORDINATION WITH OTHER LIMITA-  
11 TIONS.—The portion of the new markets tax credit  
12 to which paragraph (1) applies—

13 (A) shall not be taken into account as a  
14 credit allowed under section 38(a) of such Code  
15 for purposes of paragraphs (2)(A)(ii)(II) and  
16 (4)(A)(ii)(II) of section 38(c) of such Code, and

17 (B) shall not be treated as described in  
18 section 38(c)(4)(B)(vii) of such Code, as  
19 amended by this Act.

20 (d) TEMPORARY OVERRIDE OF CERTAIN REGULA-  
21 TIONS TREATING DEBT MODIFICATIONS AS EX-  
22 CHANGES.—

23 (1) IN GENERAL.—For purposes of the Internal  
24 Revenue Code of 1986, any modification of a QCDE  
25 loan which occurs during the period beginning on

1 March 12, 2020, and ending on December 31, 2022,  
2 shall not be treated an exchange of an existing debt  
3 instrument for a new debt instrument.

4 (2) QCDE LOAN.—For purposes of this sub-  
5 section, the term “QCDE loan” means any debt in-  
6 strument held by a qualified community development  
7 entity (as defined in section 45D(c) of the Internal  
8 Revenue Code of 1986) to the extent that the bor-  
9 rower is a qualified active low-income community  
10 business (as defined in section 45D(d)(2) of such  
11 Code).

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