



DEVELOPMENT FUND
of the WESTERN RESERVE

April 19, 2023

TO: Chair Edwards, Vice Chair LaRe, members of the Finance Committee

On behalf of the Development Fund of the Western Reserve (DFWR), a private nonprofit managed by the Development Finance Authority of Summit County, I write in support of expanding the Ohio New Markets Tax Credit (OHNMTC) to meet the increasing demand for affordable growth capital for Ohio small businesses in our targeted low-income communities throughout an 18-county area of Northeast Ohio.

Since 2012, DFWR has deployed over \$120 million in federal NMTC allocation and over \$25 million in OHNMTC allocation in 26 projects across 10 Ohio counties.

Each year since the OHNMTC program launched in 2009, \$10 million in tax credits (foregone tax revenue) has leveraged \$25.6 million of new private investment for a total of \$307 million in Ohio investment. The existence of a state NMTC has also made Ohio a magnet for the federal NMTC, increasing the average annual amount by 229%.

With current demand for the credits at three times the supply, the time is right to expand the program from \$10 million to \$30 million annually, while raising the per-business investment limit from \$2.56 million to \$5 million.

An expanded OHNMTC can benefit more businesses in low-income communities that are primed for growth but starved for capital. Rising interest rates have made it increasingly difficult for small businesses to qualify for traditional bank loans, but an investment through the OHNMTC features below-market interest rates and flexible terms, making it affordable to finance new equipment, expand manufacturing facilities, or fund R&D.

DFWR strongly supports the expansion of the OHNMTC and we look forward to the opportunity to continue to participate in driving growth capital Ohio small businesses.

Thank you for your consideration.

Sincerely,

Rachel Bridenstine

Rachel Bridenstine
Executive Director
Development Fund of the Western Reserve
47 N. Main St. #407
Akron, OH 44308
(330) 762-4776