



U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS

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\$4.1 BILLION IN COMMUNITY DEVELOPMENT INVESTMENT TO RECEIVE TAX CREDITS TAX CREDIT PROGRAM HELPS LOW-INCOME COMMUNITIES ACROSS US

Awards Announced Under 4th Round of New Markets Tax Credit Program

U.S. Treasury Secretary John W. Snow announced today in Philadelphia, Penn. the 63 organizations selected to receive tax credits for \$4.1 billion in investments under the New Markets Tax Credit (NMTC) Program for their investment in low income communities. Snow included in his announcement 13 organizations set to receive tax credits for \$600 million in investment for specific use in the redevelopment of the Hurricane Katrina Gulf Opportunity Zone (GO Zone).

“Job creation and investment in our economy are the cornerstone of President Bush’s pro-growth policies. Today’s announcement encourages even more jobs and progress in some of the neediest communities across the country,” Secretary Snow said.

The NMTC Program attracts private-sector capital investment into the nation’s urban and rural low-income areas to help finance community development projects, stimulate economic growth and create jobs.

The NMTC Program, established by Congress in December 2000, permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in investment vehicles known as Community Development Entities (CDEs). The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year period. Substantially all of the taxpayer’s investment must in turn be used by the CDE to make qualified investments in low-income communities. The sixty-three organizations were selected through a competitive application and rigorous review process.

The NMTC program is administered by Treasury’s Community Development Financial Institutions (CDFI) Fund. Throughout the life of the NMTC Program, the CDFI Fund is authorized to allocate to CDEs the authority to issue to their investors up to the aggregate amount of \$16 billion in equity as to which NMTCs can be claimed, including \$1 billion for use in the GO Zone. In four rounds to date, the CDFI Fund has made 233 awards totaling \$12.1 billion in tax credit authority.

“The New Markets Program is not only achieving its goal of attracting sources of private capital to our nation’s low-income communities, it is exceeding all expectations – with awardees committing to

provide extremely innovative and flexible financing tools for projects located in more severely distressed communities than minimally required by program rules,” said CDFI Fund Director Garcia.

“From manufacturing plants in Iowa to health centers on the Gulf Coast, the previous award recipients are raising equity from investors and closing investments quickly,” Garcia continued. “Of the 170 organizations awarded prior to this announcement, 82 percent have reported raising investor capital totaling \$4.45 billion. This represents more than one-half of the \$8 billion in allocation authority issued to these allocatees – a remarkable pace considering that the first NMTC awards were made just three years ago.”

A complete list of the 63 organizations selected and additional information on the NMTC Program can be found on the CDFI Fund’s web site at: www.cdfifund.gov.