

**Thompson Coburn LLP  
Real Estate News Alert**

U.S. Department of the Treasury Announces \$3.5 Billion in Federal New Markets Tax Credit Allocation Authority



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## **U.S. Department of the Treasury Announces \$3.5 Billion in Federal New Markets Tax Credit Allocation Authority**

Yesterday the U.S. Department of the Treasury's Community Development Financial Institutions Fund (the "CDFI Fund") announced the award of \$3.5 billion in Federal New Markets Tax Credit (NMTC) allocation authority through its annual and competitive application process. Eighty-five organizations certified as Community Development Entities (CDEs) received the awards, while over 282 CDEs applied.

The NMTC Program is designed to spur employment and investment in low-income communities by allowing individuals and corporate investors to receive credit against their Federal income tax liability in exchange for making equity investments in CDEs that have been awarded allocation authority. The CDEs in turn use the investment proceeds to make loans and/or investments in businesses or real estate projects located in low-income communities. The credit totals 39 percent of the original investment and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years). A taxpayer's investment in the CDE generally must remain outstanding throughout the seven year period. With the award of the additional \$3.5 billion in allocation authority, \$3.5 billion in loans and/or investments will be made in low-income communities and those investments will generate \$1.365 billion in tax credits over the seven year period.

A list of the organizations that received 2012 allocations can be found at: [http://www.cdfifund.gov/news\\_events/CDFI-2013-21-Treasury\\_Announces\\_Billions\\_in\\_New\\_Markets\\_Tax\\_Credit\\_Awards.asp](http://www.cdfifund.gov/news_events/CDFI-2013-21-Treasury_Announces_Billions_in_New_Markets_Tax_Credit_Awards.asp).

Of the \$3.5 billion in allocation authority that was awarded, \$1.905 billion is available for qualifying projects that are located anywhere in the country, an additional \$160 million is available for qualifying projects located in Missouri, an additional \$105 million is available to qualifying projects located in Illinois, and an additional \$45 million is available to qualifying projects located in Washington, D.C.

If you have questions regarding NMTCs or the application process, please contact your Thompson Coburn attorney, or one of the attorneys listed below, each of whom are experienced in NMTC transactions.

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