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TREASURY DEPARTMENT ANNOUNCES FRESH ALLOCATION OF NEW MARKET TAX CREDITS FOR FINANCING PROJECTS AND BUSINESSES IN LOW INCOME COMMUNITIES

By Daniel V. Madrid

On June 5, 2014, the U.S. Department of Treasury's Community Development Financial Institution (CDFI) fund announced the latest, eagerly awaited round of New Market Tax Credits (NMTC) allocations. The CDFI selected 87 community development entities (CDEs) out of a pool of 310 applicants. The current NMTC allocation, totaling \$3.5 billion of tax credits availability, is targeted to raise project capital for qualifying businesses and real estate projects in low-income communities nationwide.

The highly successful federal NMTC program was created through the Community Renewal Tax Relief Act of 2000 to facilitate economic and community development in low-income, distressed communities by providing investors with a 39 percent tax credit for investing in qualifying projects. Since its inception, the NMTC program has sourced significant amounts of low cost capital for projects that were otherwise difficult or impossible to finance through conventional lending. Now in its 11th round of funding, NMTCs have historically been in high demand by developers seeking creative solutions to project financing.

If you are developing a project located in an urban or low-income community, we encourage you to contact the attorneys at Fox Rothschild to discuss the potential use of NMTC financing for your project.

If you have questions or comments about this alert or NMTCs, or other federal or state tax credit programs, please contact:

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