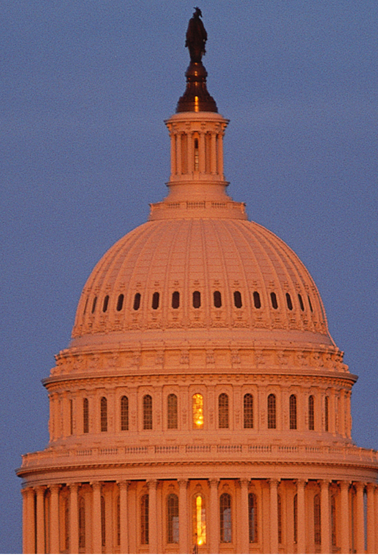

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Treasury awards $5 billion in New Markets Tax Credit (NMTC) allocations

The U.S. Treasury Department's Community Development Financial Institutions (CDFI) fund today announced $5 billion in New Markets Tax Credit (NMTC) allocations—bringing the total amount awarded through the NMTC program to $66 billion.

According to a **Treasury release**, the NMTC awards were made to 100 community development entities (CDEs) made through the calendar year 2020 round of the NMTC program. The award recipients are headquartered in 34 different states and the District of Columbia. One-fifth (20%) of the investments will be made in rural communities. It is estimated that these award recipients will make more than $1 billion in NMTC investments in non-metropolitan counties.

Read the list of CDEs awarded NMTC allocations in the **NMTC award book** [PDF 543 KB]

Background

Historically, NMTC awards have generated $8 of private investment for every dollar invested by the federal government. Through the end of fiscal year 2020, NMTC program award recipients deployed approximately $56 billion in investments in low-income communities and businesses—resulting in the creation or retention of more than 871,000 jobs, and the construction or rehabilitation of more than 231.5 million square feet of commercial real estate.

The NMTC program allows an investor a tax credit against its federal income taxes for making qualified equity investments in CDEs that invest in qualified low-income community investments.

The Treasury Department allocates the NMTCs to the CDEs that, in turn, make qualifying investments (generally loans) to businesses located in low-income communities. The NMTC totals 39% of the investor's cash contribution in exchange for the qualified equity investment in the CDE and is claimed over a seven-year credit period. Investors in leveraged NMTC transactions may use borrowed funds along with their cash investment to receive tax credits on their qualified equity investment. Qualified

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businesses benefit from favorable NMTC financing terms and the potential for partial debt forgiveness after the end of the NMTC period.

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