



Edwards+Strunk, Inc.

Ensuring Nonprofit Success

New Markets Tax Credit Program

NMTC Fast Facts

- 1. The New Markets Tax Credit program (NMTC) is a federal economic development program administered by the U.S. Dept. of the Treasury.**
- 2. Since its inception in 2001, NMTC has targeted Severely Distressed Census Tracts with federal tax credits to spur capital development, to create jobs, and to answer significant community needs in underserved areas.**
- 3. The total amount of federal tax credits allocated by the program now exceeds over \$60 billion. The most recent allocation by the U.S. Treasury is in excess of \$3.5 billion, twice the normal amount. It is estimated that for every \$1 in federal funding the program has created \$8 in economic impact.**
- 4. The federal government allocates the tax credits on an annual basis to qualifying Community Development Entities (CDEs) who in turn make allocations to individual capital projects.**
- 5. Because of the impact of millions of dollars in equity investment to individual projects the program is very competitive.**
- 6. Allocations can be made by a CDE to projects that are either new construction or facility renovation and/or expansion.**
- 7. CDEs can be nonprofit or for profit entities, with a focus on local, statewide, regional (multi state), or national investment.**
- 8. Allocations can be made in any amount, but the typical allocation is in the \$10 million to \$15 million range. On occasion, allocations might total \$20 million, or more, on an individual project but allocations at these levels are not common.**
- 9. The total NMTC allocation received by an individual project can come from one CDE or, on occasion, multiple CDEs. The larger that allocation the more common it is to have multiple CDEs involved.**
- 10. A typical \$10 million tax credit allocation will result in approximately \$2.2 - \$2.5 million in equity investment in the project after the tax credits are sold on the open market and all fees and charges have been paid at closing.**