

## LAW ALERT

M David Kroot

Lynn Hutchins

Karen M. Tiedemann

Thomas H. Webber

Dianne Jackson McLean

Michelle D. Brewer

Jennifer K. Bell

Robert C. Mills

Isabel L. Brown

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Barbara E. Kautz

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Luis A. Rodriguez

Xochitl Carrion

Rafael Yaquian

Celia W. Lee

Vincent L. Brown

Hana A. Hardy

Caroline Nasella

Eric S. Phillips

Elizabeth Klueck

San Francisco

415 788-6336

Los Angeles

213 627-6336

San Diego

619 239-6336

Goldfarb & Lipman LLP

### EXTENSION OF THE NEW MARKETS TAX CREDIT PROGRAM

On December 19, President Obama signed into law H.R. 5571, which provides for the one-year extension of a number of different federal tax programs, including the New Markets Tax Credit ("NMTC") program. The NMTC Program had expired at the end of 2013, however, in anticipation of an extension, the Community Development Financial Institutions Fund ("CDFI Fund"), the branch of the Treasury Department that administers the NMTC program, accepted applications for NMTC allocations for a 2014 NMTC round. In September of this year, a total of 263 Community Development Entities ("CDEs") applied for an allocation of NMTCs. The total aggregate amount of NMTC allocation requested by the CDEs was \$19.9 billion, although the total amount of allocation authorized for the 2014 round is \$3.5 billion.

The CDFI Fund anticipates announcing awards for the 2014 NMTC round in the Spring of 2015. The CDEs that are awarded an allocation of NMTCs are able to help fund projects either located in low income communities or that serve targeted low income populations.

#### Brief Summary of the NMTC Program

The NMTC program is a tax credit program which promotes investment in businesses and public facilities located in low income communities or that provides services or jobs to low income households. In exchange for a

qualified equity investment in a CDE, an investor becomes eligible to receive tax credits from the federal government. The CDE then provides a loan or an equity investment to a qualified active low income community business ("QALICB") that is located in a qualified low income census tract or that provides services or employment opportunities to "targeted populations" comprised of low income individuals.

Some examples of projects financed with the assistance of NMTCs include community centers, charter schools, medical facilities, child care facilities, historic live theater venues, supermarkets, business incubator facilities, shopping centers, office buildings for public agency use, clean technology research facilities, manufacturing plants, mixed use projects, hotels, public libraries, office parks serving nonprofit organizations, and affordable housing.

Goldfarb & Lipman has successfully represented public agencies and nonprofit corporations in structuring and closing NMTC transactions. We have assisted QALICBs, CDEs and leverage lenders in these transactions.

For more information on the NMTC program, please contact Luis A. Rodriguez, Amy DeVaudreuil, Margaret Jung, Karen Tiedemann or any other Goldfarb & Lipman attorney at 510-836-6336.

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