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LAW ALERT

EXTENSION OF THE NEW MARKETS TAX CREDIT PROGRAM

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On January 1, 2013, Congress voted to extend the New Markets Tax Credit (“NMTC”) Program for two additional years. The NMTC Program had expired on December 31, 2011. The extension of the NMTC Program is one component of the American Taxpayer Relief Act of 2012, which helped address the nation’s “fiscal cliff” dilemma.

The U.S. Treasury Department, anticipating the extension of the NMTC program, accepted applications for the 2012 NMTC round. Two hundred and eighty two applications were submitted for 2012 NMTC allocations. Awards for the 2012 NMTC round will likely be announced in late February of 2013.

Congress voted to provide for an allocation of \$3.5 Billion of New Markets Tax Credits each year for 2012 (to be allocated in 2013) and 2013 (to be allocated in 2014).

The link below contains information regarding the 2012 NMTC round:
http://www.cdfifund.gov/news_events/CDFI-2012-36-CDFI-Fund-Releases-Application-Demand-for-2012-Round-of-NMTC-Program.asp

Brief Summary of the NMTC Program

The NMTC program is a tax credit program that promotes investment in businesses and

public facilities located in low income communities. In exchange for a qualified equity investment, pursuant to the NMTC program requirements, an investor is provided a tax credit. The proceeds of the equity investment are utilized to fund businesses or public facilities located in a qualified low income census tract. 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 or private commercial use, clean technology research facilities, manufacturing plants, mixed use projects, hotels, public libraries, office parks serving nonprofit organizations, and affordable housing.

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

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