

NMTC Program Again Named One of Top 50 Innovations in Government

By Alex Ruiz, Managing Editor, Novogradac & Company LLP

On March 31, the U.S. Department of the Treasury's New Markets Tax Credit (NMTC) program was again named as one of the Top 50 Government Innovations and will advance to the final stages of competition for the prestigious 2009 Innovations in American Government Award. The NMTC program, which is administered by Treasury's Community Development Financial Institutions (CDFI) Fund, was chosen from more than 600 applicant programs representing all levels of government across the nation. This marks the second consecutive year that the NMTC has been chosen for this recognition.

The Innovations in American Government Program recognizes and promotes excellence and creativity in the public sector through an annual awards competition. The Innovations in American Government Program highlights exemplary models of local, state and federal governments' innovative performance. The awards program is administered by the Ash Institute for Democratic Governance and Innovation at Harvard's Kennedy School.

"Not only does the New Markets Tax Credit Program encourage the flow of low-cost and flexible private-sector investment into some of our country's most economically distressed communities, but it also serves as a great example of how the public and private sectors can responsibly work together," said Treasury Secretary Timothy Geithner.

The NMTC program was created in December 2000 and was recently expanded through the American

Recovery and Reinvestment Act of 2009. The Recovery Act provided the CDFI Fund with an additional \$3 billion in allocation authority, which will enable it to award a total of \$10 billion in new markets tax credits through the 2008 and 2009 rounds of the program. NMTC projects are diverse in nature, with tangible community impacts that include a manufacturing facility in rural Iowa that manufactures parts for wind turbines; an emergency worker training facility in Lafayette, La. that was developed in the aftermath of Hurricane Katrina; a high tech business incubator in Detroit that will provide opportunities for women and minority-owned businesses; and the redevelopment of an abandoned factory site in San Diego that is providing its residents with their first grocery store.

"I am thrilled that the New Markets Tax Credit Program has been selected as one of the Top 50 Government Innovations in this year's Innovations in American Government Awards competition," said Donna Gambrell, director of the CDFI Fund. "But I am even more pleased knowing that we are making a difference in today's tightening market. The awards we make will foster the flow of critically needed credit, typically well below market and with responsible yet flexible underwriting, and will yield economic growth and create needed jobs that might not otherwise be possible in these low-income communities."

The CDFI Fund's data shows that for every \$1 in foregone tax revenue under the NMTC program, more than \$14 is being invested in important projects, providing needed jobs and revitalizing these communities. ❖

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