

U.S. DEPARTMENT OF THE TREASURY

Press Center

Treasury Awards \$3.9 Billion to Encourage Private Sector Investments in Distressed Communities

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Awards Announced Under 5th Round of New Markets Tax Credit Program

New Orleans- U.S. Treasury Deputy Secretary Robert Kimmitt and Treasury's Community Development Financial Institutions (CDFI) Fund Director Kimberly Reed announced today in New Orleans, La., the 61 organizations selected to receive \$3.9 billion in tax credits for use in low-income communities. Treasury awarded the credits under the 2007 round of the New Markets Tax Credit (NMTC) Program.

Deputy Secretary Kimmitt and Director Reed were in the Gulf for the announcement to highlight the 11 organizations receiving \$400 million in NMTC for specific use in the redevelopment of the Hurricane Katrina Gulf Opportunity Zone (GO Zone). The 61 allocatees are headquartered in 24 states and the District of Columbia, but anticipate serving 45 states, D.C. and Puerto Rico. The remaining five states would be served by allocatees with a national service area.

"These tax credits are intended to spur new private sector investment in communities in need across the United States and encourage continued redevelopment and reconstruction in the Hurricane Katrina Gulf Opportunity Zone," said Deputy Secretary Kimmitt. "The vision of the Community Development Financial Institutions Fund is to help give all Americans access to affordable credit, capital, and financial services."

"These tax credits, totaling \$3.9 billion, are important to encourage investment in rural and urban low-income communities across the United States," said CDFI Fund Director Reed. "We also are committed to helping those affected by Hurricane Katrina, and I am pleased how the New Markets Tax Credit Program is making a difference in the redevelopment of communities across the Gulf Coast."

The NMTC Program attracts private-sector capital investment into the nation's urban and rural low-income areas to help finance community development projects, stimulate economic growth and create jobs.

The NMTC Program, established by Congress in December 2000, permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in investment vehicles known as Community Development Entities (CDEs). The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year period.

Substantially all of the taxpayer's investment must in turn be used by the CDE to make qualified investments in low-income communities. The 61 organizations were selected through a competitive application and rigorous review process.

The NMTC program is administered by Treasury's Community Development Financial Institutions (CDFI) Fund. Throughout the life of the NMTC Program, the CDFI Fund is authorized to allocate to CDEs the authority to issue to their investors up to the aggregate amount of \$19.5 billion in equity as to which NMTCs can be claimed, including \$1 billion for use in the GO Zone. In the five rounds to date, the CDFI Fund has made 294 awards totaling \$16 billion in tax credit authority.

A complete list of the 61 organizations selected and additional information on the NMTC Program can be found on the CDFI Fund's web site at: www.cdfifund.gov

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