

NEW MARKETS TAX CREDIT COALITION

Using the GO-Zone legislation from 2005 as the model, the NMTC Coalition is requesting that an Emergency Supplemental NMTC Allocation be made available for community development entities (CDEs) working in communities impacted by Hurricane Sandy. To be clear - we are requesting an emergency allocation **in addition** to the annual NMTC allocation authority we are seeking in the tax extender bill. The Emergency Supplemental NMTC Allocation would provide:

- \$1 billion in NMTC allocation authority for each of the next three allocation rounds: years 2012; 2013; and 2014, for CDEs making qualified low income community investments (QLICs) in communities impacted by Hurricane Sandy; and
- To be eligible for a QLIC made available through the Emergency Supplemental NMTC Allocation, a business must be located in a NMTC qualified low income community in a designated disaster area as a result of Hurricane Sandy.

Proposed Legislative Language: We drafted the following legislative language based on the NMTC provision included in the Gulf Opportunity Zone Act of 2005.

NEW MARKETS TAX CREDIT TO INVESTMENTS IN COMMUNITY DEVELOPMENT ENTITIES (CDEs) SERVING COMMUNITIES DEEMED DISASTER AREAS AS A RESULT OF HURRICANE SANDY.

For purposes of section 45D—

(1) a qualified community development entity shall be eligible for an allocation under subsection (f)(2) thereof of the increase in the new markets tax credit limitation described in paragraph (2) only if a significant mission of such entity is the recovery and redevelopment of communities designated as a disaster areas under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Sandy,

(2) the new markets tax credit limitation otherwise determined under subsection (f)(1) thereof shall be increased by an amount equal to: \$1,000,000,000 for 2012; \$1,000,000,000 for 2013; and \$1,000,000,000 for 2014, to be allocated among qualified community development entities to make qualified low-income community investments within the areas described in paragraph (1), and

(3) subsection (f)(3) thereof shall be applied separately with respect to the amount of the increase under paragraph (2).

We looked at the income and poverty rates of census tracts within the counties deemed to be disaster areas after Hurricane Sandy and founds that 38.6% of the census tracts qualify for the NMTC.

More than 21% of the census tracts qualify for NMTC because 20 percent or more of the residents are living in poverty and 13% of the census tracts have poverty rates at or above 30 percent. In addition, 37% of the census tracts in the disaster counties have median incomes that are at or below 80 percent of the area median income (AMI) and 22% of the census tracts have median incomes at or below 60 percent of the AMI.

Below is the full list of FEMA designated disaster areas in the three states hit hardest by Hurricane Sandy.

Connecticut: Fairfield County, Mashantucket Pequot Indian Reservation, Middlesex County, New Haven County and New London County.

New Jersey: Atlantic County, Bergen County, Burlington County, Camden County, Cape May County, Cumberland County, Essex County, Gloucester County, Hudson County, Hunterdon County, Mercer County, Middlesex County, Monmouth County, Morris County, Ocean County, Passaic County, Salem County, Somerset County, Sussex County, Union County and Warren County.

New York: Bronx County, Kings County, Nassau County, New York County, Queens County, Richmond County, Rockland County, Suffolk County and Westchester County.