



DEPARTMENT OF THE TREASURY OFFICE OF PUBLIC AFFAIRS

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Snow Announces Changes to the New Markets Tax Credit Program to Support Hurricane Katrina Recovery Efforts

U.S. Treasury Secretary John W. Snow today announced special relief for Community Development Entities (CDE's) applying under the current round of the New Markets Tax Credit (NMTC) program.

"I applaud the current applicants under the New Markets Tax Credit Program who plan on focusing their business plans in areas affected by Hurricane Katrina," said Snow. "Katrina is a disaster on every level imaginable, and tools like New Markets Tax Credits will assist in the recovery efforts of New Orleans, Louisiana, Mobile, Alabama and the rest of the region."

The Community Development Financial Institutions (CDFI) Fund will immediately implement two changes to the program, in response to the recent declarations of "major disasters" by the Federal Emergency Management Agency (FEMA):

- The CDFI Fund will provide NMTC Program allocation application deadline extensions, on a case-by-case basis, to organizations whose principal place of business is located in counties where FEMA issued a 'major disaster declaration' as of 7/15/05.
- The CDFI Fund will modify the NMTC Program allocation application so that additional consideration will be given to organizations that commit to target their investment activities to counties where FEMA issued a 'major disaster declaration' as of 7/15/05.

Up to \$3.5 billion in tax credits is available under the current round of the NMTC Program, which attracts private-sector capital investment into the nation's urban and rural low-income areas. These tax credits help finance community development projects, stimulate economic growth and create jobs.

The NMTC program, established by Congress in December of 2000, allows individual and corporate taxpayers to receive a federal income tax credit 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. Successful applicants are selected only after a competitive application and rigorous review process administered by Treasury's CDFI Fund.

To learn more about New Markets Tax Credits, please visit the CDFI Fund's website at www.cdfifund.gov.