

## New Markets Tax Credit Services

Ryan's Credits and Incentives team of professionals can add value to your business's capital investment project by decreasing cost of capital through New Markets Tax Credit (NMTC)-based financing. The NMTC program was enacted under the Community Renewal Tax Relief Act of 2000 and is administered by the Treasury's Community Development Financial Institutions (CDFI) fund. The NMTC program is intended to promote private-sector equity investment in traditionally low-income communities (LICs) for the purpose of economic and community development. Through the Consolidated Appropriations Act of 2020, the program was recently extended through December 31, 2025. The fiscal year 2020 round of allocations has just been applied for, and the allocations will be announced in the summer of 2021.

### **Tremendous Opportunity**

Historically, \$3.5 billion of NMTCs is allocated each year to community development entities (CDEs) that suballocate NMTCs to businesses or project owners that commit to invest in projects located in eligible LICs that have a 20% or higher poverty rate and/or median income that does not exceed 80% of the statewide median income. The allocation amount for the 2020 round was approved at \$5 billion—an amount that has since been authorized on an annual basis through the end of 2025. Such an increase in funding and multiyear extension further highlights the growing demand for and support of the NMTC program. Approximately 40% of the geographic area of the United States is eligible for the NMTC program. CDEs are responsible for selecting and financing projects based on their economic development and community impacts.

The NMTC is a tax credit that is monetized and then utilized in the form of a significantly below-market rate interest-only loan. By structuring the NMTC transaction properly, a project can obtain substantial cash flow at the project's inception, thus decreasing a company's cost of capital and increasing the rate of return. The potential up-front cash benefit for qualified projects can range between 15–20% of the projected capital investment. Projects costing between \$8 million and \$30 million are ideal.

### **The Ryan Advantage**

Ryan's dedicated team of NMTC experts can help navigate the complexities of the NMTC program by identifying qualified CDEs for financing, obtaining commitments from CDEs, identifying possible tax credit investors, advising on tax matters, and preparing application and compliance documentation.

If your company is investing in new or existing locations in the form of construction, equipment, and/or headcount, please reach out to us.



### **Priority States and Territories**

*All states and territories qualify for NMTC benefits; however, the states and territories below have been identified as underserved and receive higher priority for funding.*

- American Samoa
- Florida
- Georgia
- Guam
- Idaho
- Indian Country (including Hawaii & Alaska)
- Kansas
- Nevada
- Northern Mariana Islands
- Puerto Rico
- Tennessee
- Texas
- U.S. Virgin Islands
- Virginia
- West Virginia
- Wyoming