



NEW MARKET TAX CREDITS

A Map of Eligible Sites for New Market Tax Credits

As of 2010, the city of Milwaukie was designated for New Market Tax Credit eligibility in certain census tracts.

New Market Tax Credits are a program that provides tax incentives to investors who make investments in low-income communities or areas of economic stress.

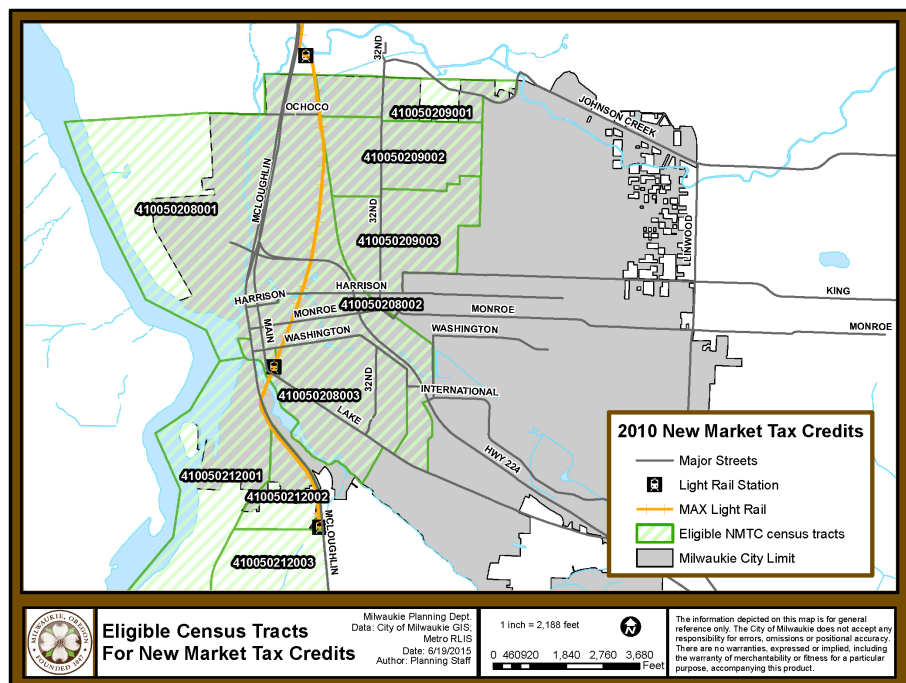


New Market Tax Credits (NMTCs) are a proven, cost-effective tool that supports job creation and encourages small businesses to expand. NMTCs allow developers to enjoy subsidized rates on debt or receive additional tax credit equity if investors fulfill Community Reinvestment Act (CRA) objectives.

In 2011 the State of Oregon passed HB 817, a statewide NMTC program, which was designed to leverage a modest investment of State funding to spur significant private job creation and rehabilitation in underserved communities.

NMTC projects have ranged from an elementary school in Portland, OR, to a domestic violence shelter in Harlem, NY. In each case, NMTC allocations have helped facilitate the completion of vital local projects that otherwise would not have moved forward. Through the program, NMTCs bridge financing gaps and provide a cushion against cash flow obstacles as projects reach stabilized operations.

New Market Tax Credits



TAX CREDITS

NMTC investments generate tax credits equal to 39% of total Qualified Equity Investments (QEI) made in a Community Development Entity (CDE). Credits are realized over a seven year period, five percent during the first three years, and six percent in the four remaining years (totaling 39%).

For example, \$10,000,000 of qualified equity investments made into a CDE would receive \$3,900,000 in total tax credits allocated over 7 years. This would be \$500,000 in each of the first three years, and \$600,000 in years four through seven.

In order to receive New Market Tax Credits, a competitive application must be filed by a CDE with the New Market Tax Credit Program. Due to the large number of applicants, typically only 1/3 of projects receive funding. Investments that are redeemed, or sold off from the CDE, before the seven year term is completed must pay back all of the tax credits with interest.

COMMUNITY DEVELOPMENT ENTITIES

All NMTC projects must be made through investments in Community Development Entities. However, these projects can meet a wide variety of community development objectives as well as several other criteria (see below).

Competitive applications must show that the CDE will be working in an economically distressed community or otherwise underserved communities. They also must be able to show demonstrable community development objectives as well as meaningful engagement with community stakeholders in deciding CDE investments.

Community development objectives can include job creation, jobs accessible to low-income persons, financing minority owned businesses, offering goods or services to low-income communities, offering community goods or services to low-income communities, offer flexible lease rates to future tenants, or create housing units available to low-income persons or within low-income communities.

APPLICATION

Businesses or developers interested in using New Market Tax Credits as part of their developments within Milwaukie can obtain the State application online at <http://nmtccoalition.org/allocation-materials/> or from Amy Koski at koskia@MilwaukieOregon.gov or (503)-786-7624.

Investment must occur within the City of Milwaukie eligible New Market Tax Credit census tracts (see map on reverse).

Amy Koski
Economic Development and Resource
Coordinator
Phone: 503-786-7624
Fax: 503-774-8236
koskia@MilwaukieOregon.gov

