

CDFA – BNY Mellon Development Finance Webcast Series: Will NMTCs Live Beyond 2012?

The Broadcast will begin at 1:00pm (EST).

While you're waiting, check out some upcoming CDFA events...



Intro Bond
Finance WebCourse



January 29-30, 2013
Daily: 12-5pm (EST)



Reshored
Manufacturing
Webinar Series



February-May, 2013
2:00-4:00pm (Eastern)

CDFA - BNY Mellon
Development Finance
Webcast Series



Will NMTCs Live Beyond 2012?

Erin Tehan

**Legislative & Federal Affairs Coordinator
Council of Development Finance Agencies
Columbus, OH**



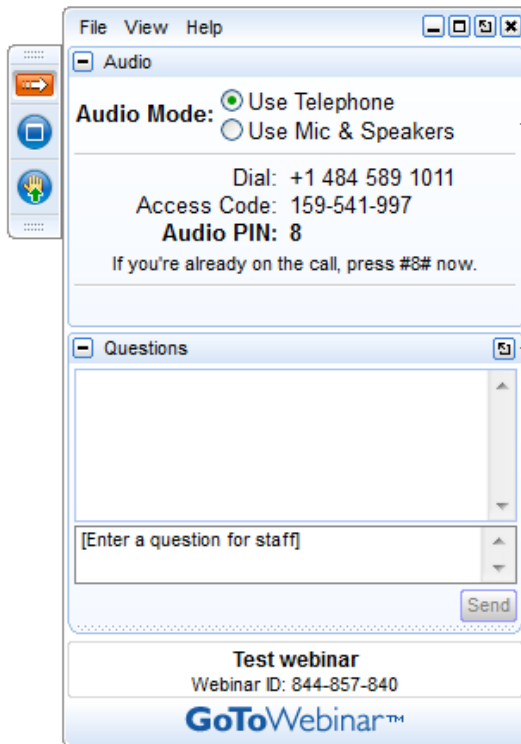
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Using your telephone will give you better audio quality.

Submit your questions to the panelists here.

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Will NMTCs Live Beyond 2012?

Speakers

Christine Johnson, *Moderator*
BNY Mellon

Brad Elphick
Novogradac & Company

Frank Altman
Community Reinvestment Fund, USA

Steve MacDonald
National New Markets Fund
Strategic Development Solutions



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Will NMTCs Live Beyond 2012?

Christine Johnson

Product Manager

BNY Mellon

San Francisco, CA



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December 18, 2012

New Market Tax Credits: an Introduction

CDFA-BNYM Webcast

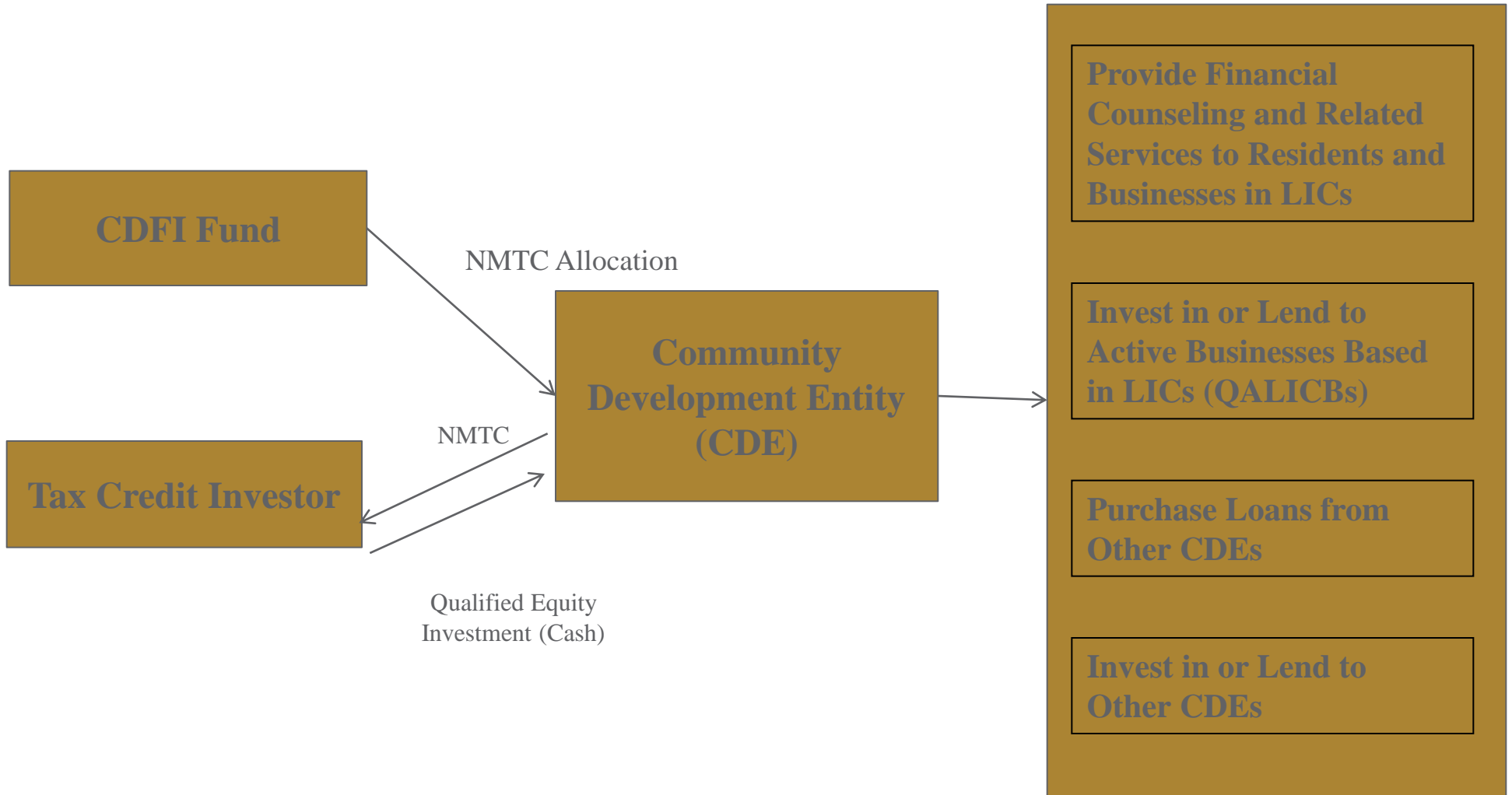
Presented by Christine Johnson

New Market Tax Credits - Summary

- What is a tax credit?
 - A dollar for dollar reduction in taxes.
 - The credit issuing entity determines which tax liabilities can be offset.
- New Market Tax Credits (NMTC) were established by Congress in 2000 for the purpose of promoting economic development and investment in low income communities (LICs).
 - Proceeds from sale of tax credits go towards projects in qualified areas.
 - Program is administered by the Department of Treasury (via the Community Development Financial Institutions –CDFI- fund).
 - NMTC developed as a counterpart to Low Income Housing Tax Credits.
 - NMTCs are distributed via a competitive application process open to qualifying for-profit and non-profit applicants.
 - NMTC have been successfully used and leveraged along with other financing tools.

NMTC General Structure

Qualified Investments (QLICI) in Qualified Census Tracts



Where are we today?

- The New Market Tax Credit program expired in December 2011.
 - What does that mean?
 - What can be done about it?
 - What happens if the program is not renewed?



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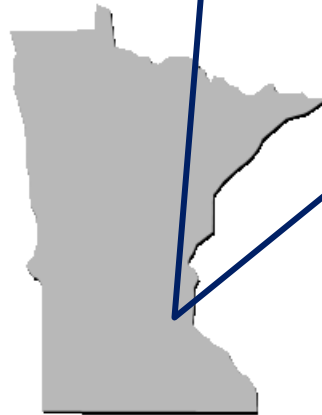
Will NMTCs Live Beyond 2012?

Frank Altman

President & CEO

Community Reinvestment Fund, USA

Minneapolis, MN



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New Markets Tax Credits

Frank Altman
President and CEO

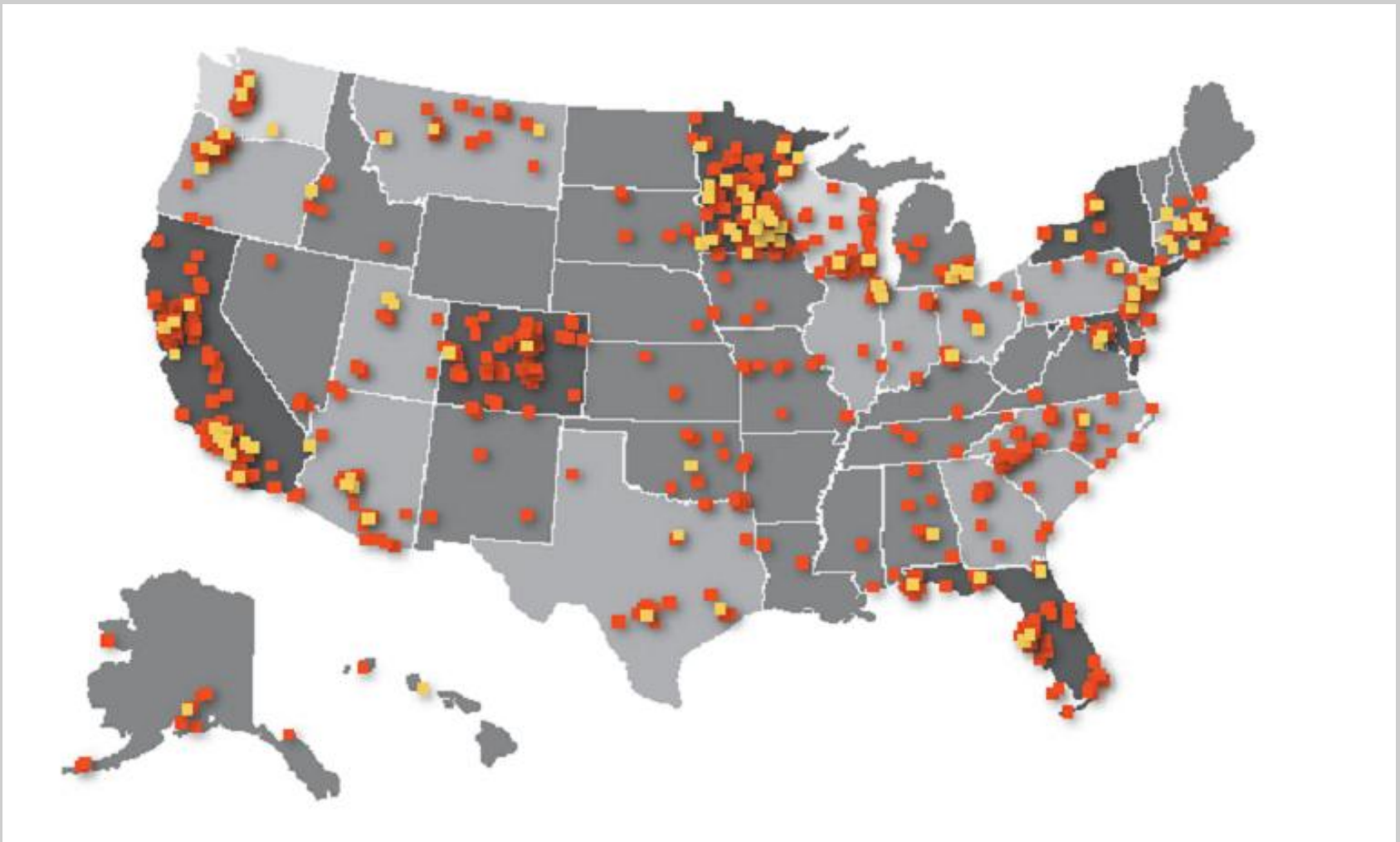


Community Reinvestment Fund, USA

To improve the lives of disadvantaged people and strengthen distressed communities through innovative finance.



CRF Mission



CRF Loans (Red)
Lending Partners (Yellow)

- **Over 2,900** NMTC projects
- **\$20.3 billion** in NMTC Financing
- **535,874** Jobs Generated in Low-Income Communities
- **\$5,386,807,565** Federal Tax Revenue Generated
- **\$3,146,449,693** State and Local Tax Revenue Generated

Source: Analysis by Novogradac & Company LLP



NMTC Program Successes

Seven Challenges and Opportunities Facing the New Markets Tax Credit

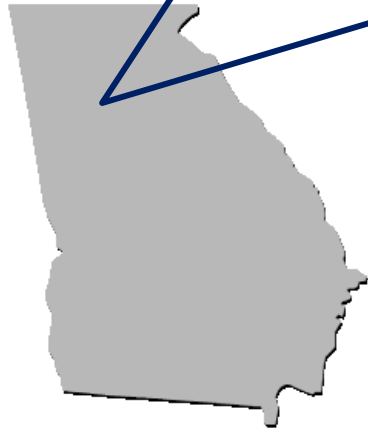
- NMTC is an indirect subsidy
- Annual limits
- How much upside and downside is needed
- Ambiguous terms
- Administration
- Temporary nature
- Demonstrating efficacy



Will NMTCs Live Beyond 2012?

Brad Elphick

**Partner
Novogradac & Company
Alpharetta, GA**



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Will NMTCs Live Beyond 2012?

Steve MacDonald

**Managing Director
National New Markets Fund
Los Angeles, CA**



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Will NMTCs Live Beyond 2012?

1. Does your project qualify?

Low Income Community Location or Targeted Population

Few Limitations to Type of Businesses (No "Sin" Businesses)

2. \$ Size of Project

\$5M Minimum, Mostly \$10M-\$25M

NMTCs Fill Financing Gaps

3. Readiness of Project

Need Other Financing Sources Secured

Ready to go?, Designs, Permits Complete, Construction in 12 Months?

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Will NMTCs Live Beyond 2012?

4. Community Impact

Community Impact Critical, NMTCs Scarce, Must Develop the Story

5. Getting Allocation

NMTC transactions complex, seek assistance if not experienced

Be Aware of Costs

Reach Out to CDEs When Ready

For Reference:

http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5

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Audience Questions



Fundamentals of Development Finance
Bond Finance
Tax Increment Finance
Tax Credit Finance
Revolving Loan Fund Finance
Federal Financing Programs
State & Local Financing Programs

Energy Finance
Innovation Finance – Seed, Angel & Venture Capital
Brownfield Finance
Transportation Finance
Access to Capital Finance
Special District Finance
Public-Private Partnership Finance

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Intro Bond Finance WebCourse

Daily: 12-5pm (EST)

January 29-30, 2013

Reshored Manufacturing Webinar Series

4-part series

February 13, 2013

Fundamentals of Economic Development Finance Course

Washington, DC

March 14-15, 2013



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Next Webcast

CDFA – BNY Mellon Development Finance Webcast Series
Tuesday, January 15, 2013 @ 1:00pm Eastern

CDFA-Stern Brothers Renewable Energy Webcast Series
Thursday, January 24, 2013 @ 1:00pm Eastern

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For More Information



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