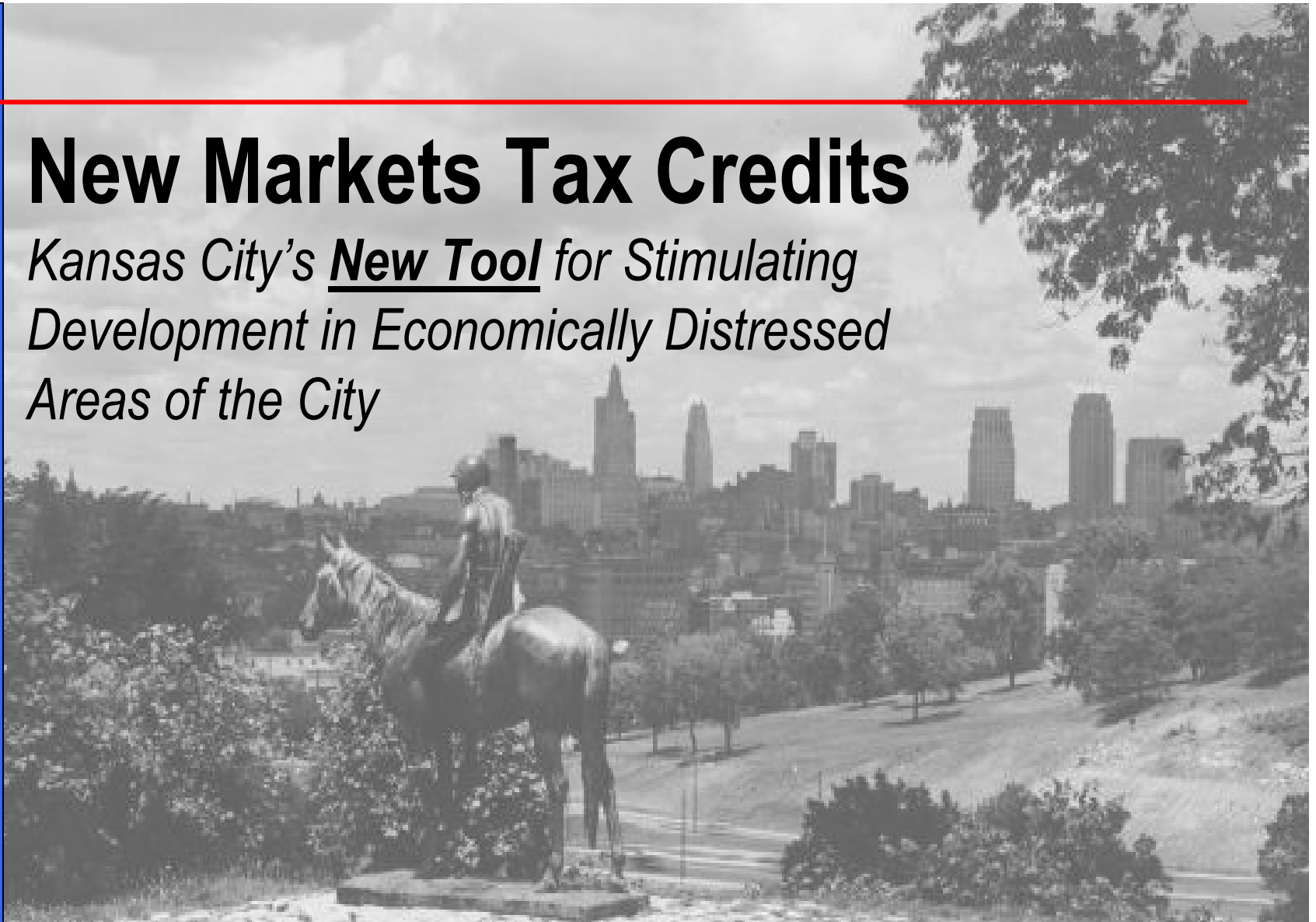




KANSAS CITY
MISSOURI

New Markets Tax Credits

*Kansas City's New Tool for Stimulating
Development in Economically Distressed
Areas of the City*



New Tools Task Force – January 5th, 2009

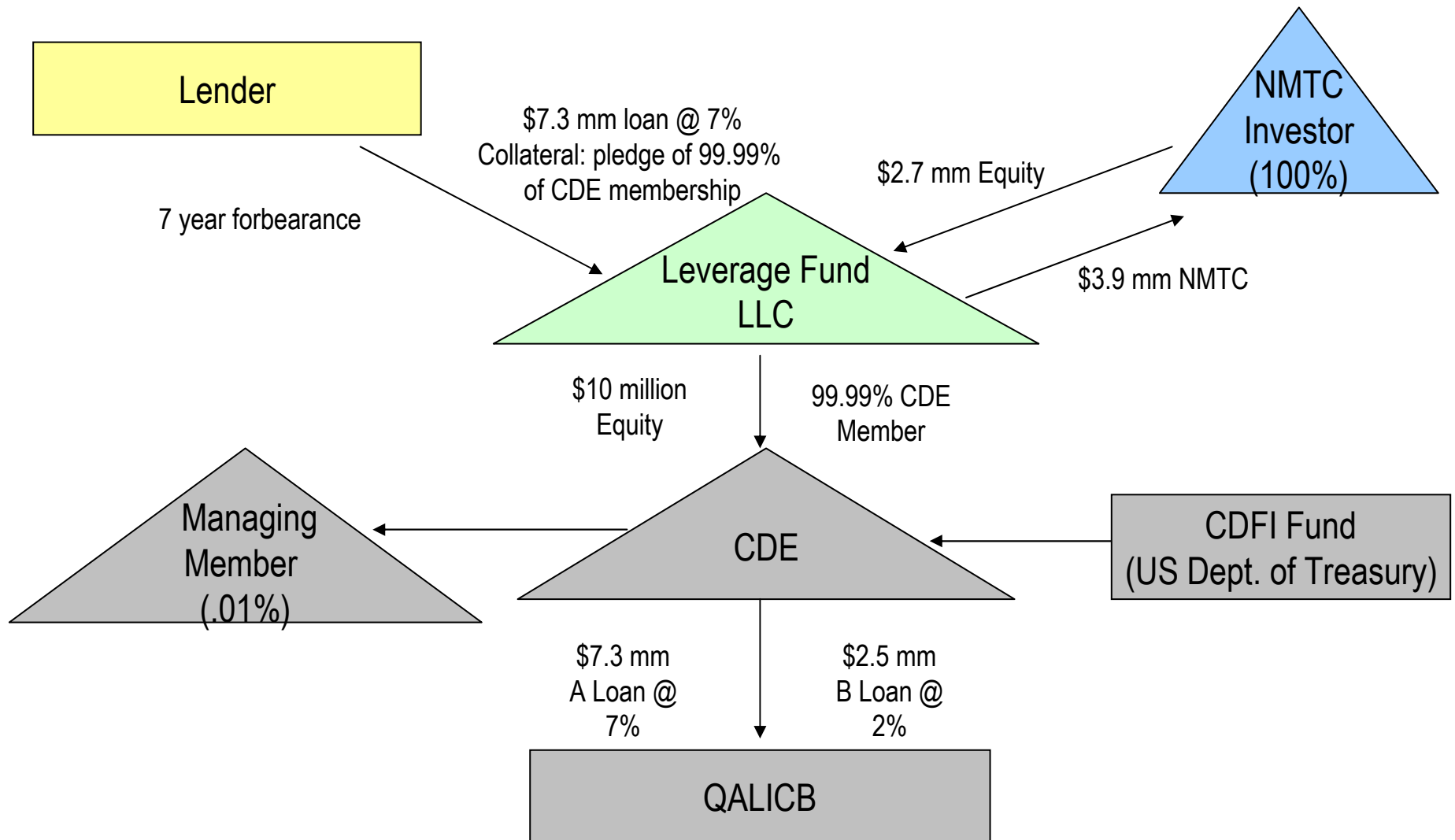
NMTC Program

- Part of the Community Renewal Tax Relief Act of 2000, Section 45D of the Internal Revenue Code
- Administered by Community Development Financial Institutions (CDFI) Fund (U.S. Department of the Treasury)
- Purpose is to encourage and facilitate private investment in low-income communities

NMTC Basics

- Federal tax credit
- 39% of cost of investment or allocation basis
- Claimed over 7 years
 - 5% of the investment in years 1-3; and
 - 6 % in years 4-7

Sample Structure



NMTC Eligibility

- Must meet at least **one** of the following criteria:
 - Census tracts with poverty rates greater than 30%
 - Census tracts with median family income that does not exceed 60% of the median family income for the metropolitan area
 - Census tracts with unemployment rates at least 1.5 times the national average

- **or**, characterized by at least **two** items on this list
 - 25% poverty, 70% MFI, 1.25 unemployment
 - Federal economic development zone
 - SBA HUB zone
 - Brownfield
 - HOPE VI redevelopment
 - State/Local economic development zone

NMTC Eligibility Map

NMTC Benefit

- Up-front funds
- Reduced cost of funds, i.e. below-market interest rates
- Interest only, seven-years
- Longer amortization period
- Project subsidy at end of seven year compliance period (instant equity)

NMTC in Kansas City

- Central Bank partnership with City of Kansas City, Missouri
- Kansas City, Missouri Community Development CDE
- Local Initiatives Support Corporation (LISC)
- Missouri State DED
- Others

For More Information



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