

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Secretary Geithner Announces Proposals to Extend and Enhance the New Markets Tax Credit

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FY 2011 Budget Provides \$5 Billion for Credit to Speed Recovery in Hardest Hit Communities

DURHAM – Demonstrating the Administration's commitment to economic recovery in America's hardest hit communities, Treasury Secretary Tim Geithner traveled to Raleigh-Durham today to meet with individual and small business recipients of New Markets Tax Credits (NMTC) to discuss how the credits can be used to attract additional investments to help revitalize distressed communities.

After touring the facilities at the Golden Belt Complex in Durham, a six-building, mixed-use complex that was renovated with private financing made possible by the NMTC, Secretary Geithner participated in a roundtable discussion hosted by Self Help Ventures Fund, a Community Development Financing Institution (CDFI) that invested \$12 million in the renovation of the Golden Belt complex, including more than \$8 million in capital it attracted with the help of the NMTC. During the roundtable, the group discussed the challenges distressed communities face in attracting new investments, and how the NMTC and other financing tools can help spur job creation and economic revitalization. In remarks made following the roundtable, Secretary Geithner announced the President's proposal to improve, extend and broaden the NMTC under the FY 2011 Budget.

"Distressed communities and their small businesses have a hard time attracting investments even in the best of times," said Secretary Geithner. "The New Markets Tax Credit helps these communities attract new investors and ensure they stay invested long enough for businesses to overcome obstacles and grow. That's why the President expanded the New Markets Tax Credit through the Recovery Act last year and why we're seeking to reform, extend and broaden the reach of these credits going forward."

NMTC are designed to spur growth in distressed communities by catalyzing private sector investments that create jobs and enhance access to capital for small businesses and community development. To restore demand and broaden the credit's appeal, Secretary Geithner announced today that the President is asking Congress to change the NMTC so it can be used to offset not only investors' regular federal income taxes but also the taxes they owe under the Alternative Minimum Tax (AMT), including where NMTC allocations have been made but where money has not yet been invested.

CDFI Fund Director Gambrell said, "These latest enhancements are a part of a broader commitment on the part of the Obama Administration to increasing opportunities for small businesses and community development where it is needed most. Allowing the credit to off-set the AMT will help this tool to speed recovery in the hardest hit communities by greatly increasing its ability to attract private investors."

Under the Recovery Act, the Obama Administration expanded the allocation for the credits to \$5 billion for each of 2008 and 2009. Secretary Geithner today highlighted the proposal in the President's FY 2011 Budget to provide for an additional \$5 billion in New Markets Tax Credits allocation in 2010 and still another \$5 billion in 2011. In addition, Treasury and the IRS are developing guidance to help provide investors greater certainty whether they will qualify for and be able to benefit from the credit. The Secretary today stressed that Treasury is committed to making further enhancements to the NMTC to encourage greater investment in small businesses.

The NMTC has been highly successful, with recipients investing more than \$12 billion in distressed communities through 2008, helping to create, save or support hundreds of thousands of local jobs. The NMTC has helped finance a variety of activities in distressed urban and rural communities throughout the United States, including alternative energy companies, charter schools, health care facilities, timberlands, child care providers, supermarkets, manufacturers, processors, distributors, and business incubators.

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