



U.S. Department of Housing and Urban Development  
Office of Community Planning and Development

Mel Martinez, Secretary

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## EZ/EC News Flash

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February 16, 2001

**Title: NEW MARKETS TAX CREDIT**

On December 21, 2000, the Community Renewal Tax Relief Act of 2000 was signed into law as a result of a bipartisan initiative of President Clinton and Speaker Hastert, and key Republican and Democratic Senators and Representatives. This landmark legislation includes the New Markets Tax Credit, which will spur the investment of \$15 billion in new private capital into a range of privately managed investment vehicles that make loans and equity investments in New Markets businesses.

By making an equity investment in an eligible "community development entity" (CDE), individual and corporate investors can receive a New Markets Tax Credit worth more than 30 percent of the amount invested over the life of the credit, in present value terms.

Eligible CDEs could include for-profit community development financial institutions (CDFIs), for-profit subsidiaries of community development corporations, SBA-licensed New Markets Venture Capital companies, and Specialized Small Business Investment Companies. A number of pioneering community-based institutions have demonstrated track records in finding viable market opportunities in areas often overlooked by traditional investors. By increasing their capital base, this tax credit will enable CDEs to lend and invest more, to attract additional outside capital, and to bring even more private-sector engagement to their market-priming activities.

For more information on the New Markets Tax Credit, check out the U.S. Treasury Department's web site: <http://www.treas.gov/cdfi/internetpdf/nmtc.pdf>