



## ■ WHAT IS FINANCE FUND?

Founded in 1987, Finance Fund is a nonprofit financial intermediary working to enable progress and inspire change within Ohio's low-income communities. Our clients include community-based nonprofit organizations and for-profit businesses serving the low-income community throughout Ohio. The New Markets Tax Credit (NMTC) program is consistent with Finance Fund's mission to build bridges between resources and the low-income community to improve the quality of life for people.

## ■ WHAT IS THE NEW MARKETS TAX CREDIT PROGRAM?

NMTC is an important community revitalization tool that has stimulated over \$36.5 billion of private sector capital into low-income communities. The program is administered by the US Dept. of Treasury's Community Development Financial Institution's (CDFI) Fund. Through the NMTC program, emerging markets receive the benefit of the access to more capital investment, lowered interest rates, lowered risk to lenders and investment in the community builds assets giving rise to stronger businesses. These factors ultimately result in the creation of jobs across America.

## ■ HOW DOES IT WORK?

The NMTC program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments to designated Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7 year credit allowance period. In each of the first 3 years, the investor receives a credit equal to 5% of the total amount paid for the stock or capital interest at the time of purchase. For the final 4 years, the value of the credit is 6% annually. Investors may not redeem their investments in CDEs prior to the conclusion of the 7 year period. The financing structure models used are designed to move the complexity of NMTC to the CDE level and make the transaction level as familiar as a bank loan.

## ■ WHAT IS THE NATIONAL IMPACT FOR NMTC?

According to Treasury Department data, between 2003 and 2010, the NMTC generated over \$20 billion in private investment in communities with high poverty rates, low incomes and high unemployment rates. This \$20 billion leveraged an additional \$25 billion in capital from other public and private sources, financing almost 3,000 projects ranging from urban health care centers to rural factories and small business loan funds generating well over 500,000 jobs.

## ■ WHAT ARE THE BENEFITS?

NMTC was created with the identified market need in mind as a tool to drive:

- Job creation
- Strengthened economies
- Stronger businesses
- Double bottom line investment
  - Economic return
  - Social return
- Highly leveraged investment
- For every \$1 of federal tax revenue forgone, over \$8 is invested in low-income communities

## ■ WHAT ARE FINANCE FUND'S NMTC OUTCOMES?

Finance Fund has received a total of ten allocations that total \$360 million. This allocation has leveraged \$1.19 billion on an investment of \$341.2 million for 72 projects creating 15,701 direct jobs and serving 722 children and providing services to 150,830 patients. This tool has proven to be extremely successful for Finance Fund for low-income people to gain access to jobs and economic opportunities in the most highly distressed Ohio communities.

Please visit our website [www.financefund.org](http://www.financefund.org) and make sure to sign up for our blog updates.