NEW MARKETS TAX CREDITS:
A BRIEF OVERVIEW

New Markets Tax Credits (NMTC) is a U.S. Treasury-funded program designed to benefit qualified developers by providing gap financing. These federal dollars can assist with approximately 20 percent of a project’s expense and enable a developer to receive low-cost, flexible financing. Las Vegas created a city-controlled nonprofit called the Las Vegas Community Investment Corporation, which serves as a Community Development Entity (CDE) that in turn makes loans to and investments in qualified businesses.

The Las Vegas Community Investment Corporation will sell these tax credits to investors, using that money to make loans for job-generating projects in qualified low-income communities. Eligible areas are determined by the U.S. Treasury and include greater downtown Las Vegas, east Las Vegas, the historic Westside and portions of central Las Vegas.

The city is interested in assisting owner-occupied commercial real estate projects, particularly those involving manufacturing, mixed-use, education and health care. A typical project would total between $5 million and $15 million.

To qualify, a project must be located in and benefit a low-income community. The developer must have direct ownership or investment in the project and have sufficient financing for the NMTC to augment.

A few examples of qualifying projects include: a manufacturing plant, mixed-use development, charter school, food bank, hotel, medical clinic or solar farm.

NEW MARKETS TAX CREDITS
BUSINESS INCENTIVE

FEDERAL FUNDING RESOURCES
FOR YOUR DEVELOPMENT

By providing tax incentives through New Markets Tax Credits (NMTC), the U.S. Treasury is encouraging private investment in low-income communities. NMTC provide funding for companies known as Community Development Entities (CDE) that in turn make loans to and investments in qualified businesses. (See the sample chart below.)
FEDERAL FUNDING RESOURCES FOR YOUR DEVELOPMENT

DOES YOUR BUSINESS QUALIFY?

- Is your proposed business or facility located in a low-income community?
- Will this new business/development provide benefits to a low-income community?
- Is your building being constructed or are you working with an existing facility that is owned by the developer?
- If your building is a new business or facility, are there additional financing funds?
- If you are refinancing an existing business or facility, is there equity in it?

WHAT ARE THE BENEFITS?

- Typical NMTC benefit equals 20 percent of project cost.
- Allows project to receive low-cost, flexible financing.
- NMTC loan is typically forgiven after a 7-year compliance period.
- Reduces dependency on other funding sources.
- Enables project developer to own rather than rent facility.

NEW MARKETS TAX CREDITS SUCCESS STORIES

Two local projects where the New Markets Tax Credits (NMTC) were used are the Historic Westside School and the development of a new location for the state Supreme and Appellate Courts.

The Historic Westside School opened in 1923. Located at Washington Avenue and D Street, this was the first school constructed in West Las Vegas.

The school recently underwent a successful, multimillion-dollar renovation, upgrade and preservation effort. Its interior includes modern office and retail space for businesses and nonprofits alike, while the exterior has been carefully restored. The school is expected to be a catalyst for further building and revitalization efforts within the community.

Thanks in part to NMTC, a new permanent home for the Nevada Supreme and Appellate Courts is also under construction on the southeast corner of Clark Avenue and Fourth Street. With the creation of the Nevada Appellate Court, approved by the state's voters in 2014, new space was required. The appellate court was established to reduce the caseload of the Supreme Court and provide faster resolutions.

QUALIFYING PROJECT EXAMPLES:

- Charter school
- Food bank
- Hotel
- Manufacturing plant
- Medical clinic
- Mixed-use development
- Performing arts center
- Solar farm

DOES YOUR DEVELOPMENT SITE QUALIFY?

Check to see if your census tract qualifies for NMTCs by visiting: www.cdfifund.gov/nmtc

For more information call 702.229.6551

Photos by: June Johns

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