



## State of Illinois NEW MARKETS TAX CREDIT Program Detail

**COMMON NAME:** New Markets Tax Credit

**LEGAL NAME:** New Markets Development Program

**STATUTORY CITATION:** 20 ILCS 663

**PROGRAM TYPE:** Low-Income Community Development

**FUNDING LIMITS:** Under the program, the maximum possible investment, whether received from a single or multiple CDE's, is \$10,000,000 per business

**TYPE OF BENEFITS:** The program gives investors the right to tax credits that vest according to the following schedule: 0% for each of the first 2 credit allowance dates, 7% for the third credit allowance date, and 8% for the next four credit allowance dates.

**DESCRIPTION OF BENEFITS:** The New Markets Development Program provides an incentive for the development of low-income areas in Illinois.

**ALLOWED USES OF BENEFITS:** The New Markets Development Program provides State tax credits to an eligible Community Development Enterprise (CDE) that makes equity or debt investments in Qualified Active Low-Income Community Businesses (QALICBs). QALICBs are defined as any corporation or partnership that, for any taxable year:

- At least 50 percent of the total gross income of such entity is derived from the active conduct of a qualified business within any low-income community.
- A substantial portion of the use of the tangible property of such entity (whether owned or leased) is within any low-income community.
- A substantial portion of the services performed for such entity by its employees are performed in any low-income community. Less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to collectibles (as defined in IRC 408(m)(2)) other than collectibles that are held primarily for sale to customers in the ordinary course of such business; and
- Less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to nonqualified financial property (as defined in IRC 1397C(e)).



## **State of Illinois NEW MARKETS TAX CREDIT Program Detail**

**ELIGIBLE GEOGRAPHIC AREA:** The area of investment must be a designated “low-income area” as per the Community Development Financial Institution's Fund mapping system.

**ELIGIBLE BUSINESS TYPES:** Only Applicant CDEs certified by the Federal New Markets Tax Credit Program are eligible to apply for the program.

**SPECIAL REQUIREMENTS:** The amount of the tax credit claimed may not exceed the taxpayer's state liability for the tax year in which it is claimed, and the credit is not transferable or refundable. Tax credits earned by a partnership, LLC, S corporation, or other flow-through entity can be allocated to partners, members, or shareholders.

### **INTERNET LINKS:**

Illinois Department of Commerce (DCEO):

[www.illinoisbiz.biz/dceo/Bureaus/Business\\_Development/Tax+Assistance/NMTC+Description.htm](http://www.illinoisbiz.biz/dceo/Bureaus/Business_Development/Tax+Assistance/NMTC+Description.htm)

Department of the Treasury, CDFI Fund: <http://www.cdfifund.gov>

Map of NMTC Qualifying Census Tracts: [http://www.novoco.com/new\\_markets/resources/ct/](http://www.novoco.com/new_markets/resources/ct/)

**SOURCES:** “Illinois new Markets Development (NMTC) Guidelines” Illinois Department of Commerce.