

Minnesota New Markets Development Act (NMDA)

Meeting the Financing Need for Minnesota Small Businesses

How it Works

1

Federal Award

Certified investors win Federal New Markets Tax Credit (NMTC) award from the U.S. Treasury

2

State NMTC Program

Minnesota NMDA authorizes \$200 million of private investment under state NMTC program

Divided \$100M for Greater MN & \$100M for Metro Area

3

State Participants

DEED awards all \$200MM of investment authority to certified investors that have won a federal NMTC award

MN-based investors must have previously won a federal NMTC award to participate to get oversight of federal program. Out-of-state investors must bring at least \$.50 of federal NMTC investment for every \$1 of state tax credit authorized.

4

Rapid Deployment

DOR-approved investors raise and invest all \$200MM in Minnesota small businesses within 12 months

5

Delayed Credit

No state fiscal note in years 1 and 2 of the program;
\$20MM in tax credits issued annually years 3-7 (\$100MM total)

6

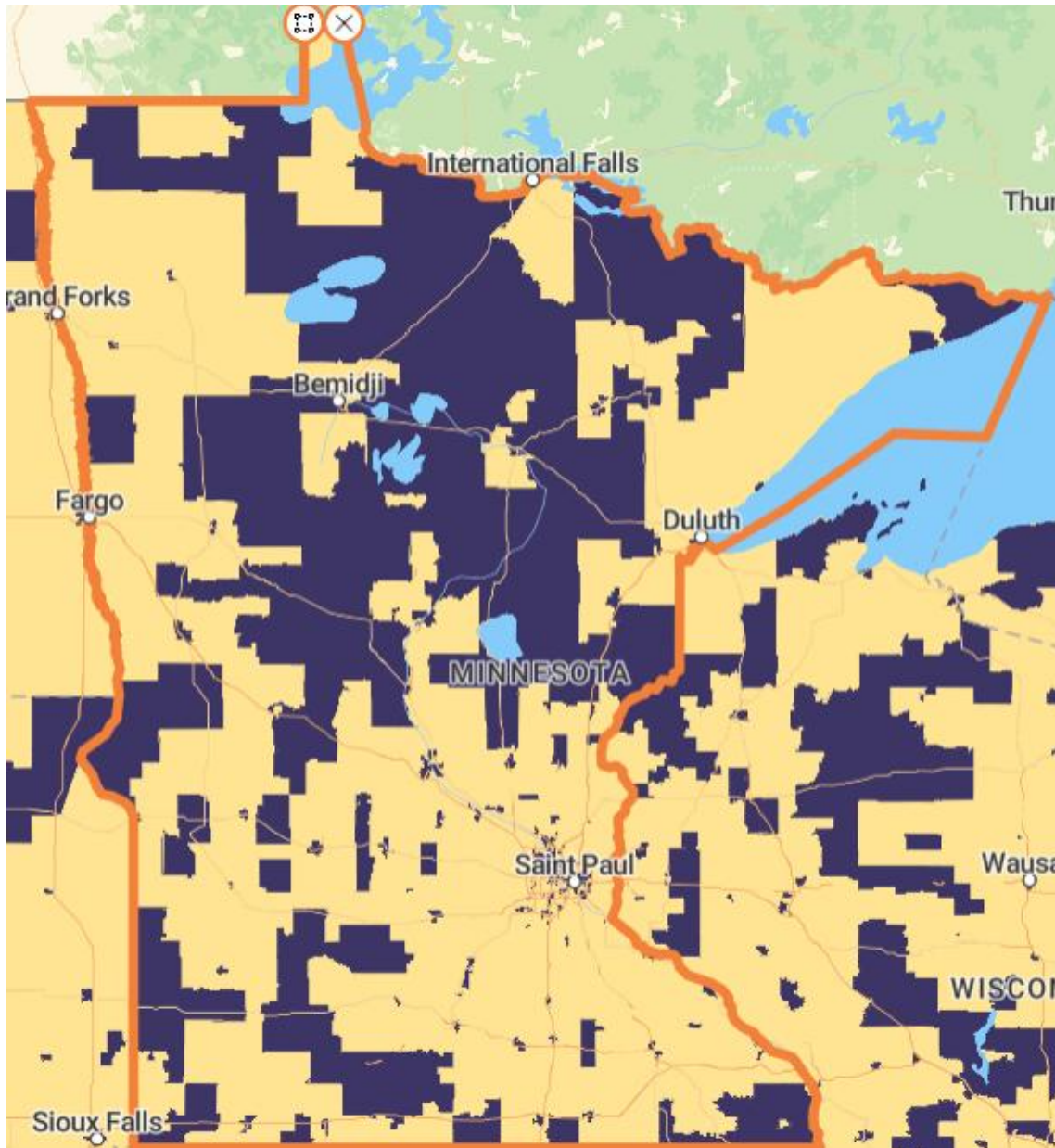
Long-Term Impact

DOR-approved investors must keep all \$200MM invested in Minnesota businesses for all 7 years of the program

Minnesota New Markets Development Act

New Markets Tax Credit Eligible Areas

Statewide
(Eligible Areas in Purple)



NMTC Eligibility Requirements

- The CDFI Fund in the US Treasury sets NMTC eligible areas across the country along census tracts according to two criteria:
 - (1) the area must have a poverty rate of at least 20%; OR
 - (2) the area must have a median family income below 80% of the median statewide family income.

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New Markets Tax Credit Eligible Areas

Minneapolis-St. Paul (Eligible Areas in Purple)

