

Supporting Statement for the 2008 New Markets Tax Credit Program
Allocation Application (CDFI Form 0020)

A. Justification

1. Circumstances necessitating collection of information

Title I, subtitle C, section 121 of the Community Renewal Tax Relief Act of 2000 (the Act), as enacted by section 1(a)(7) of the Consolidated Appropriations Act, 2001 (Public Law No. 106-554, December 21, 2000), amended the Internal Revenue Code (IRC) by adding IRC Section 45D, New Markets Tax Credit. Pursuant to IRC section 45D, the Community Development Financial Institutions (CDFI) Fund implements the New Markets Tax Credit (NMTC) Program which will provide an incentive to investors in the form of a tax credit, which is expected to stimulate investment in private capital that, in turn, will facilitate economic and community development in low-income communities. In order to qualify for an allocation of tax credits under the NMTC Program an entity must be certified as a qualified community development entity and submit an allocation application to the CDFI Fund. Upon receipt of such applications, the CDFI Fund will conduct a competitive review process to evaluate applications for the receipt of NMTC allocations.

2. Method of collection and use of data

The data will be collected by voluntary submission of entities seeking tax credit allocations. The collected data will be used by the CDFI Fund to evaluate applicants based on specific criteria to select certain applicants for receipt of tax credit allocations.

3. Use of Information Technology

Applications will be made available at the CDFI Fund's website. The CDFI Fund will require that applicants submit allocation applications in an electronic format, except in extraordinary circumstances.

4. Efforts to identify duplication

The allocation application does not duplicate any other CDFI Fund or Federal program information-gathering tool.

5. Impact on small entities

This collection of information does not have a significant impact on small entities and it is voluntary.

6. Consequences of less frequent collection and obstacles to burden reduction

The CDFI Fund cannot provide tax credit allocations to CDEs and fulfill its statutory obligations without the submission of this application. The submission of the allocation application is voluntary.

7. Circumstances requiring special information collection

Not applicable.

8. Solicitation of comments on information collection

Pursuant to the notice and request for comments published in the Federal Register on

December 28, 2005, Volume 70, page number 76913, the CDFI Fund has received comments on the substantive requirements as well as the procedure by which an applicant may receive an allocation of NMTCs. The CDFI Fund has considered these comments, as well as other comments submitted on an ad hoc basis, in the development of the allocation application. The CDFI Fund has also considered these comments with a view towards minimizing burdens on applicants.

9. Provision of payment to respondents

No payments or gifts will be made to respondents.

10. Assurance of confidentiality

The CDFI Fund is subject to all Federal regulations with respect to confidentiality of information provided by NMTC Program allocation applicants. No other assurances of confidentiality have been provided.

11. Justification of sensitive questions.

No questions of a sensitive nature are asked in the application.

12. Estimate of the hour burden of information collection.

The total hour burden of this information collection is estimated at: 240 respondents annually (204 business and non-profit respondents; and 36 government and tribal respondents) x 1 response annually x 170 hours per respondent = 40,800. The 240 respondents is the average number of respondents over the past three application rounds. The estimate of 170 hours per respondent is the median number of hours that applicants reported under the 2006 application round. While the median response time was slightly higher under the 2007 application round (220 hours), the CDFI Fund believes the lower of the reported figures over the past two rounds is a better proxy, given: a) the elimination of the GO Zone related questions and tables that were present in 2007; and b) other information collection efficiencies implemented in the 2008 application, including limiting the length of individual question responses to no more than two pages and, in some cases, no more than ½ of a page.

The total burden estimate under this submission (40,800 hours) is less than what was estimated by the CDFI Fund under its 2007 submission (41,650 hours)

13. Estimate of total annual cost burden to respondents

There are no cost burdens to respondents to this collection of data. No purchase of equipment or services will need to be made by respondents for this information collection other than as required as a part of customary and usual business practices.

14. Estimate of annualized cost to the Government

The cost to the Government is the CDFI Fund staff and contractor time required to review the submitted applications, maintain the electronic application system and collect follow-up information from applicants.

15. Any program changes or adjustments

As stated above, the total estimated burden hours for 2008 are less than the number reported by respondents to the 2007 application, which was the last submission. This is due most notably to the removal of several questions related to the additional \$400 million in allocation authority

available in 2007 under the Gulf Opportunity Zone (GO Zone) Act of 2005 that is no longer available; the removal of other questions deemed redundant or not relevant for review; and the significant decrease in the length of narrative responses permitted in the application.

In addition, Congress has required the CDFI Fund to implement provisions encouraging investment in non-metropolitan counties (Tax Relief and Health Care Act of 2006, P.L. 109-432). In response to this mandate, the application includes one additional question.

16. Plans for information tabulation and publication

Confidential or proprietary information collected through the allocation application will not be published.

17. Reasons for not displaying expiration date of OMB approval

Not applicable.

18. Explanation of exceptions to certification statement

Not applicable.

B. Collections of Information Employing Statistical Methods

This section is not applicable.