

Community Development Financial Institutions Fund, Department of the Treasury

Supporting Statement for Paperwork Reduction Act Submissions  
Community Development Financial Institutions Fund (CDFI Fund)  
New Markets Tax Credit Program Allocation and Qualified Equity Tracking (AQEI) System,  
1559-0024

**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 (NMTC). Pursuant to IRC section 45D, the Community Development Financial Institutions (CDFI) Fund implements the NMTC Program, 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 Community Development Entity (CDE) and submit an allocation application to the CDFI Fund. Via a competitive process, the CDFI Fund awards NMTC allocation awards to select CDEs, based upon information submitted in their NMTC Allocation Application. Entities receiving an NMTC allocation must enter into an allocation agreement with the CDFI Fund. The allocation agreement contains the terms and conditions, including all reporting requirements, associated with the receipt of a NMTC allocation. The CDFI Fund required each Allocatee to use an electronic data collection and submission system, known as the Allocation Tracking System (ATS), to report on the information related to its receipt of a Qualified Equity Investment (QEI). As of May 2018, the ATS function was renamed as the NMTC Allocation and Qualified Equity Investment Tracking System (AQEI) and moved to the CDFI Fund's Awards Management Information System (AMIS), a business system that supports all CDFI Fund programs through each phase of the programs' life cycle.

AQEI enables Allocatees to report information to the CDFI Fund in a timely fashion. This information is also used by the Treasury Department (including both the CDFI Fund and the Internal Revenue Service (IRS)) to: (1) monitor the issuance of QEIs to ensure that no Allocatee exceeds its allocation authority; (2) ensure that QEIs are issued within the timeframes required by the NMTC Program regulations and the legal agreements signed between the CDFI Fund and the Allocatee; and (3) assist with NMTC Program evaluation efforts.

**2. Method of collection and use of data**

AQEI data is collected electronically in the CDFI Fund's Awards Management Information System (AMIS), and is mandatory from entities that receive an NMTC allocation award. The data collected is used by the CDFI Fund to monitor the issuance of QEIs to ensure that no Allocatee exceeds its allocation authority.

**3. Use of Information Technology**

The CDFI Fund collects AQEI information electronically via the Awards Management Information System (AMIS), a business system that supports all CDFI Fund programs through each phase of the programs' life cycle. This includes requirements and processes related to: certification, program awards and allocations, compliance, data analysis and reporting.

**4. Efforts to identify duplication**

Similar information is not available from other sources. AQEI 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.

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

The CDFI Fund cannot administer the NMTC Program, monitor timely usage of tax credit allocation awards, and fulfill its statutory obligations without the collection of data through AQEI.

7. Circumstances requiring special information collection

*Information collection may occur more often than quarterly.* An Allocatee must report information in AMIS on a per event basis. An event occurs when an investor makes a QEI in an Allocatee CDE. Because an Allocatee can issue a QEI at any point in time during a calendar year, it is possible that certain Allocatees may provide information to the CDFI Fund more frequently than quarterly.

*Respondents will have to retain records for longer than 3-years.* Allocatees are required to retain documentation to verify any information submitted to the CDFI Fund via AMIS for the length of their compliance period, pursuant to their NMTC allocation agreement. By statute, a QEI must stay invested in a CDE for at least 7 years. Therefore, the record retention associated with AMIS data submission extends beyond 3 years.

8. Solicitation of comments on information collection

Comments on the AQEI were solicited via notice in the Federal Register on December 26, 2019 (84 FR 71078). The CDFI Fund received one letter in response to this request. The letter contained one comment stating that the logistical guidance for AMIS system entry is well explained, and that no clarification is necessary. The remaining comments about the AQEI Tracking Manual are out of scope. Please see Appendix A for the specific comments, and the CCME Team response.

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 the information provided in this collection of information. The CDFI Fund has provided no other assurances of confidentiality to respondents.

11. Justification of sensitive questions.

No questions of a sensitive nature are asked in this information collection. No personally identifiable information (PII) is collected.

12. Estimate of the hour burden of information collection.

The estimated total hour burden of this information collection is: 156 respondents x 12 responses x 1.5 hours per response = 2,808 hours.

Community Development Financial Institutions Fund, Department of the Treasury

# Respondents	Annual Frequency per Response	Hours Per Response	Total Hours
156	12	1.5	2,808

**13. Estimate of total annual cost burden to respondents**

It is not expected that this information collection will have a cost burden to respondents other than the hour burden described in item number 12. No purchases of equipment or services are necessary for this information collection. The estimated total hour burden of this information collection is 2,808 hours, and estimate of the annualized cost to respondents is a total of \$134,700. The hour burden estimate is based on the following: (i) the number of State, Local, and Tribal Governments or Private Sector entities reporting information related to receipt of QEIs; (ii) estimate of hours per response in AMIS; and (iii) estimate of cost per hour to respondents based on Bureau of Labor Statistics data for financial activities at total compensation of \$47.97 an hour for September 2019.

	# of Respondents	# Responses Per Respondent	Annual Responses	Hours Per Response	Cost per Hour (Time Value) <sup>1</sup>	Annual Burden Hours	Total Cost for Responses
<b>State, Local, &amp; Tribal Governments</b>	5	1	12	1.5	\$47.97	90	\$4,317.30
<b>Private Sector: Businesses and Other For-Profits; Not-for-profit Institutions</b>	151	1	12	1.5	\$47.97	2718	\$130,382.46
<b>TOTAL</b>	156					2,808	\$134,699.76

**14. Estimate of annualized cost to the Government**

The cost to the Federal Government is the CDFI Fund staff and contractor time required to maintain the electronic system, review the data submitted for compliance and evaluation purposes, and collect follow-up information as needed.

The estimates of annualized cost to the Federal government is based on a methodology that estimates the time and loaded labor rate for the CDFI Fund staff by GS level for the lifecycle of the collection. The estimated total cost is \$6,000.

Expense Category	Cost
<b>CDFI Fund Staff</b>	<b>\$6,000</b>

<sup>1</sup> <https://www.bls.gov/news.release/ecec.t04.htm>

Community Development Financial Institutions Fund, Department of the Treasury

Specifically, the CDFI Fund estimated the hours by grade level. The staff wage rate was based on Step 5 of the respective GS level and then multiplied by 1.63% to capture the value of non-wage compensation. The average fully loaded cost per hour was based on a standard 2,000 full time equivalent (FTE) hours per year.

<b>CDFI Fund Staff Cost Calculation</b>					
<b>Grade Level</b>	<b>GS-12</b>	<b>GS-13</b>	<b>GS-14</b>	<b>GS-15</b>	<b>Total</b>
Total Hours by Grade	0	30	30	0	60
Avg. FTE Fully Loaded Cost/Hour (See calculation below)	0	\$92	\$108	0	200
Total Cost by Grade (Total Hours * Fully Loaded Cost/Hour)	0	\$2,760	\$3,240	0	\$6,000
<b>Calculation of FTE Fully Loaded Cost/Hour</b>					
Avg. FTE Annual Salary Step 5	0	\$112,393	\$132,818	0	
Avg. FTE Fully Loaded Cost/Year using 1.63x multiplier	0	\$183,201	\$216,493	0	
Standard FTE Hours per year	0	2000	2000	0	
Avg. FTE Fully Loaded Cost/Hour	0	\$92	\$108	0	

15. Any program changes or adjustments

The CDFI Fund has removed unused data points from this collection; however, the overall burden per response is being increased by 30 minutes due to an adjustment in agency estimates. The Fund believes that 1.5 hours is a more accurate estimate of the time required per response. The total number of respondents and responses is being reduced based on updated data on the current number of Allocatees reporting in the system.

16. Plans for information tabulation and publication

Confidential or proprietary information collected through this information collection will not be published.

17. Reasons for not displaying expiration date of OMB approval

Display of the expiration date may lead to confusion among respondents who may have identical forms with a different expiration dates in their possession or lead them believe that this date represents a due date or sunset date. We request a non-display of the OMB expiration date.

18. Explanation of exceptions to certification statement

Not applicable.

**B. Collections of Information Employing Statistical Methods**

Not applicable.

**Appendix A. AQEI PRA - Summary of Public Comments and CDFI Fund Responses**

#	Date of Comment	Organization	Author Name	Author Position	Category	Comment	CCME Team Response
1	2/24/2020	LIIF	Amy Laughlin	VP, Structured Products and Capital Markets	General	Logistical guidance for AMIS system entry is well explained. There is no need for additional clarity.	We concur.
2	2/25/2020	LIIF	Amy Laughlin	VP, Structured Products and Capital Markets	Guidance Materials	Should the amount entered for “Leverage Amount” (in Figure 18 and Figure 19) take into account the same considerations as the entry for “Total Debt” in Figure 15?	The CDFI Fund plans to update guidance materials in FY2020 and will clarify how to record “Total Debt”.
3	2/26/2020	LIIF	Amy Laughlin	VP, Structured Products and Capital Markets	Guidance Materials	It would be helpful if the guidance provided a definition of Public Subsidy.	The CDFI Fund plans to update guidance materials in FY2020 and will provide a definition of “Public Subsidy”.
4	2/28/2020	LIIF	Amy Laughlin	VP, Structured Products and Capital Markets	Guidance Materials	Clarity about source of Leverage when there are multiple Leverage Loan sources.	The CDFI Fund plans to update guidance materials in FY2020 and will provide guidance on how to account for multiple sources of “Leverage Loan”.
5	2/29/2020	LIIF	Amy Laughlin	VP, Structured Products and Capital Markets	Guidance Materials	Options 2, 3, and 5 reference sources running to the QALICB. Given these are Leverage Loan sources, does the guidance intend to say “QALICB or QALICB-affiliate” since sponsors are often the Leverage Lenders on transactions where the QALICB is an SPE formed by the sponsor?	The CDFI Fund plans to update guidance materials in FY2020 and will clarify if the definition of Leverage Loan sources should include “QALICB” or “QALICB-affiliate”.

Community Development Financial Institutions Fund, Department of the Treasury

#	Date of Comment	Organization	Author Name	Author Position	Category	Comment	CCME Team Response
6	3/1/2020	LIIF	Amy Laughlin	VP, Structured Products and Capital Markets	Guidance Materials	References in Paragraph 4.1 to pass-through entities and the implications on Tier 2+ Investor reporting: In those circumstance when the Leverage Lender is not a “partner and/or member” of a Tier 1 Investor with a pass-through structure, the guidance seems to indicate that the Leverage Lender would not be a Tier 2 Investor (per the definition of “Tier 2+ Investors”). However, all other indications are that Leverage Lender information is required even when this particular Tier 2 Investor is not a “partner and/or member” of the Tier 1 Investor. Further clarity in the guidance on this issue would be helpful.	The CDFI Fund plans to update guidance materials in FY2020 and will clarify the implications of “Tier 2+ Investor” reporting on Leverage Lender information.