

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220



Supporting Statement
Markets Tax Credit (NMTC) Program Application
OMB Control Number 1559-0016

A. Justification

1. Circumstances necessitating collection of information

The Department of the Treasury, through the Community Development Financial Institutions (CDFI) Fund, Internal Revenue Service, and Office of Tax Policy, administers the NMTC Program. In order to claim the NMTC, taxpayers make Qualified Equity Investments (QEIs) in Community Development Entities (CDEs) and substantially all of the QEI proceeds must, in turn, be used by the CDE to provide investments in businesses in low-income communities and other purposes authorized under the statute.

The CDFI Fund collects data from prospective NMTC Program applicants once per allocation round by means of an online NMTC Program Allocation Application (hereby, the Application or Applications). As required by the Paperwork Reduction Act (PRA), the CDFI Fund invited the general public and other federal agencies to comment on the proposed and/or continuing information collection for the calendar year (CY) 2021 – 2023 allocation rounds. In response to the request for comment, the CDFI Fund received 214 unique comments from 43 organizations. The NMTC Program Application was updated based upon the CDFI Fund's review and adjudication of the public comments.

Most changes were made to provide more clarity to intended users. The information collected will be used to select awardees, based on a merit-based selection process. The requested information is required by the NMTC Program Authorization (26 CFR § 1.45D-1) and respective Notice of Allocation Availability.

2. Method of collection and use of data

The CDFI Fund will collect data once per allocation round by means of the voluntary submission of an online application. Applicants must complete and upload all application materials through a CDFI Fund-managed web-based application portal known as the Awards Management Information System (AMIS). The CDFI Fund uses the data collected to select eligible Applicants that are most highly qualified to receive an allocation and determine applicable award amounts. The award selection process and award amount criteria are described in the respective Notice of Allocation Availability.

3. Use of Information Technology

Only electronic submissions of the Application are accepted. All Applications must be submitted through AMIS.

4. Efforts to identify duplication

The NMTC Program Application makes every effort to avoid requesting duplicate data by pulling data from existing organizational profiles such as addresses, Employer Identification Numbers (EIN), CDFI and CDE certification information, and other data whenever possible.

5. Impact on small entities

This collection of information is not expected to have a significant impact on small entities.

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

The CDFI Fund cannot meet its statutory requirement to make funding decisions based on data received from applicants without the NMTC Program Application form. The NMTC Program Authorization (USC Title 26 CFR § 1.45D-1) limits the extent to which the burden can be reduced.

7. Circumstances requiring special information collection

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. Solicitation of comments on information collection

Comments on the NMTC Program Application were solicited in the Federal Register on December 29, 2020 (FR Vol. 85, No. 249, p. 85855). The CDFI Fund received 214 unique public comments from 43 organizations in response to this request. Comments on the NMTC Program Application were specifically requested on: (a) the need for the CDFI Fund to collect the information; (b) the burden estimate; (c) ways to enhance the quality, utility and clarity of the information; (d) ways to minimize the burden; and (e) the cost of providing the information.

Of the 214 comments, 100 were related specifically to the NMTC Program Application and 114 were primarily related to categories outside of the scope of the PRA: program guidance (49), application review process (41), post award reporting/compliance (10), customer service (7), and other topics (6). All comments outside of the scope of the PRA approval will be considered by the CDFI Fund, but are not relevant to this information collection.

Please see Appendix A for all of the specific comments and CDFI Fund responses.

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 applicable Federal laws and regulations with respect to confidentiality of information supplied in the NMTC Program Application process. No other assurances of confidentiality have been provided.

11. Justification of sensitive questions.

No personally identifiable information (PII) is collected.

12. Estimate of the hour burden of information collection.

The estimated total number of burden hours for the calendar year (CY) 2021 – 2023 NMTC Program Application is 64,614 and the estimated cost to Applicants is a total of \$4,583,023. The burden hour estimate is based on the following: (i) the average number of NMTC Applications received during the CY 2018 to CY 2020 allocation rounds (209); (ii) the average annual burden hours per Applicant over that time period (309). Of the 209 applicants, 176 were private sector respondents while the remaining 33 were State, Local, or Tribal Government respondents. The estimate of cost per hour to respondents is based on Bureau of Labor Statistics data for Employer Costs for Employee Compensation for private workers and for government workers by occupational and industry group (released December

2020), the total compensation including wages and benefits for management, professional and financial private industry and government workers at a total hourly compensation of \$72.15¹ and \$64.02², respectively.

Affected Public	# Respondents	# Responses Per Respondent	Total Annual Responses	Average Hours Per Response	Total Hours	Time Value (per hour)	Monetized Burden Hours
Private Sector	176	1	176	312	54,912	\$72.15	\$3,961,901
State, Local, & Tribal	33	1	33	294	9,702	\$64.02	\$621,122
Totals	209	1	209		64,614		\$4,583,023

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 purchase of equipment or services will need to be made by respondents for this information collection other than those 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 develop the Application, review submitted applications, and report the results. The estimate of annualized cost to the Federal government based on a methodology that estimated the time and loaded labor rate for the CDFI Fund staff by GS level and cost of contractor services for the lifecycle of the collection. The estimated total cost is \$2,184,965.00.

Expense Category	Cost
IT Contract	\$ 575,679
External Review Contract	\$ 293,464
CDFI Fund Staff	\$1,315,822
Total	\$2,184,965

Specifically, the CDFI Fund estimated the hours by grade level for each step of the application life cycle from pre-application preparation, Application collection, Application review, and award announcement. The staff wage rate was based on Step 5 of the respective

¹ The hourly rate is based on the Bureau of Labor Statistics “Table 4. Employer Costs for Employee Compensation for private workers by occupational and industry group” (released Dec, 2020), the total compensation including wages and benefits for management, professional and financial private industry workers is \$72.15. Link to the Bureau of Labor Statistics wage data report: <https://www.bls.gov/news.release/ecec.t04.htm>

² The hourly rate is based on the based on Bureau of Labor Statistics “Table 3. State and Local government workers by occupational and industry group” (released Dec, 2020), the total compensation including wages and benefits for management, professional and financial private industry workers is \$64.02. Link to the Bureau of Labor Statistics wage data report: <https://www.bls.gov/news.release/ecec.t03.htm>

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.

15. Any program changes or adjustments

The NMTC Program has proposed minor changes to the CY 2021 – 2023 NMTC Program Application, compared to the NMTC Program Application approved in 2018, to collect necessary information for the CDFI Fund to make allocation award determinations.

Key changes proposed to the NMTC Program Application include the following:

- Revisions to the Glossary, including the defined terms Controlling Entity, Disadvantaged Businesses, Low-Income Person-owned or controlled, Minority-owned or controlled, Native American, Native American-owned or controlled).
- Revisions to Question 14, Question 34, and Table D2 to require necessary information on the amount of requested allocation that will be utilized to provide each financial product proposed and the associated fees that will be charged.
- Removal of the option to select “single or discrete projects” in Question 17. All Applicants would be required to provide a general pipeline of Qualified Active Low-Income Community Businesses (QALICBs) in Table A5.
- Addition of Question 18 and revisions to Question 29 that will require the Applicant to provide information on the types of due diligence it will perform to ensure the financial viability of its investments, including examples.
- A new innovative activity was added to Question 19 to encourage investments in Minority-owned or controlled and Native-owned or controlled Community Development Entities (CDEs).
- Revisions to Question 24 and 44 to require greater specificity on potential financial benefits and conflicts of interest related to the Applicant’s proposed investments.
- In Question 25(a), the commitment to invest at least 75% of the Applicant’s investments in areas of higher distress will be increased to 85%.
- In Question 26(a), two community outcomes have been removed (Healthy Food Financing and Flexible Lease Rates) and incorporated into the remaining community outcome categories. A new outcome, Financing Native American Businesses, has been added.
- Various clarifications were made based on the public comments received.

This ICR is being reinstated in order to receive approval for the CY 2021-2023 NMTC Program Applications. The estimated total burden hours for CY 2021-2023 NMTC Applications of 64,614 hours is lower than the total approved for the previous CY2018 application (71,997 hours). This primarily reflects a lower estimate of groups applying for NMTC allocations (209 v. 270) and slightly higher burden hours per Application (309 v. 267).

16. Plans for information tabulation and publication

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

17. Reasons for not displaying expiration date of OMB approval

The CDFI Fund will display the expiration date of the OMB approval on the application form.

18. Explanation of exceptions to certification statement

There are no exceptions to the certification statement for this collection.

19. Collections of Information Employing Statistical Methods

There is no collection of information employing statistical methods. This collection of information does not utilize statistical methods.