

ALABAMA DEPARTMENT OF COMMERCE  
ADMINISTRATIVE CODE

CHAPTER 281-5-1  
ALABAMA NEW MARKETS DEVELOPMENT PROGRAM

281-5-1-.02

New Markets Development Program - Application And Certification.

(1) Only an Applicant that is certified as a Qualified Community Development Entity under the Federal New Markets Tax Credit Program and has entered into an allocation And Ala. Tourism Department/Ala. Film Office) agreement with the CDFI Fund is eligible to apply for an allocation of Qualified Equity Investment authority under the Program.

(2) Commerce shall begin accepting applications on August 31, 2012.

(3) Applicants are encouraged to identify or name in the Application the Qualified Active Low-income Community Businesses in which they will invest, but at a minimum each Applicant must provide the amount of investment and the calendar year in which the investment will be issued and a detailed description of the types of Qualified Low Income Community Investments the Applicant will make, such description to be in form and substance acceptable to the Department. The Department encourages the Applicant to provide examples of other similar types of Qualified Active Low Income-Community Businesses in which the Applicant has previously invested under the Federal New Markets Tax Credit Program.

(4) The Applicant should include the name, address, tax identification number of the entity, and evidence of the entity's certification as a Qualified Community Development Entity, identity of the investors which the Applicant anticipates will invest in the Applicant, a certificate executed by an executive officer of the entity attesting that the allocation agreement remains in effect and has not been revoked or cancelled by the Community Development Financial Institutions Fund, a description of the proposed amount, structure, and purchaser of the equity investment or long-term debt security, and any other information and/or documentation required in the Act or otherwise required by the Secretary including, without limitation, information and/or documentation otherwise required by applicable law. In the case of any conflict between this chapter and the Act the provisions of the Act shall govern.

(5) If Tax Credits are allocated to a partner, member or shareholder of a "pass-through" entity pursuant to Section 5 of the Act, the Applicant, or the successor holder of Qualified Equity Investment authority under paragraph 12 of this section,

must notify Commerce of such allocation of Tax Credits, including the name and Employee Identification Number of any such ultimate user of the Tax Credits, prior to such taxpayer claiming Tax Credits on any tax return. A Qualified Community Development Entity shall notify Commerce of any subsequent allocation of Tax Credits pursuant to Section 5 of the Act and And Ala. Tourism Dept/Ala. Film Office) of any subsequent holder of a Qualified Equity Investment under Section 4 of the Act.

(6) A nonrefundable Application fee of five thousand dollars (\$5,000) shall accompany each Application. The fee shall be paid in the form of a cashier's check or certified check drawn on the funds of a bank with a physical location within the State and payable to the Alabama Department of Commerce. Applications shall be submitted by hand or certified mail to Alabama Department of Commerce, Alabama Center for Commerce, 401 Adams Avenue, Suite 670 Montgomery, Alabama 36104. Attention: Secretary of Commerce.

(7) Within 60 days after receipt of a completed Application, Commerce shall review the Application for eligibility and shall either grant or deny the Application in full or in part and inform the applicant of the grounds for any denial. If granted, this document will serve as Notice of Certification. The date of receipt shall be the date upon which Commerce marks the Application received. The date on which the application is granted or denied will be the date of the letter indicating such decision to the applicant.

(8) If denied due to insufficient documentation, the Applicant will have 15 days from the notice of denial to complete and/or modify the Application and provide any additional information required by Commerce. If approved, the Application shall be considered complete as of the original date of submission. If the Applicant fails to provide the information or complete its original Application, the original Application shall remain denied and any subsequent allocation request shall be resubmitted in full. The 15-day time period will be determined by the date on the denial letter and the post-mark date of the letter containing the requested information.

(9) If additional documentation submitted pursuant to paragraph (8) is provided to the Department within 15 business days and such documentation is deemed sufficient, the Department shall provide the applicant with a Notice of Certification within 30 days of the receipt of the additional information. The date on which the Application is granted or denied will be the date of the letter indicating such decision to the Applicant. And Ala. Tourism Department/Ala. Film Office)

(10) The Applicant must issue the Qualified Equity Investment in the amount certified within 90 days after receipt of a Notice of Certification.

(11) A Qualified Community Development Entity whose own application and/or an affiliated entity's Application which is granted must provide to the Department all of the following within 30 days, as determined by the post-mark date, of the issuance of the Qualified Equity Investments.

- (a) Evidence of issuance of Qualified Equity Investments required by paragraph (9). Such evidence must include a bank statement of the Applicant reflecting such investment equal to the certified amount, and any other evidence requested by the Secretary.
- (b) The name, address, tax identification number, and copy of certification of each Qualified Community Development Entity in which the Applicant invested and the amount invested in each entity.
- (c) The type of tax the credit allowed by the Act will offset.
- (d) To the extent the purchaser is a Subchapter K Entity pursuant to §40-18-1(35), Code of Ala. 1975, the name and employee identification number of each owners/shareholders/member of the purchaser, and the allocation agreement determining the amount of credit assigned to each owner/shareholder/member of the Applicant. The information supplied should be based on the issuance date required by paragraph (9).
- (e) All other information as required by Section 7 of "the Act" unknown to the Applicant as of the date of application.

(12) An approved Applicant may assign all or a portion of its Qualified Equity Investment authority to one or more partners, members or shareholders of the Applicant, provided the applicant notifies Commerce of such transfer and such transferee Qualified Community Development Entity meets all of the requirements of a Qualified Community Development entity under the program. Such notice of transfer shall include the information set forth in the Application for all such transferees of Qualified Equity Investment authority. And Ala. Tourism Dept/Ala. Film Office)

(13) Applicants that do not receive a cash investment or issuance of the Qualified Equity Investment equal to the allocation within 90 days after receipt of the notice of certification, as determined by the post-mark date of the certification, may not issue the Qualified Equity Investment, their respective certifications will lapse and they will be required to reapply to the Department for certification.

(14) Lapsed certifications revert back to the Department and shall be reissued, first, pro rata to other Applicants whose Qualified Equity Investment allocations were reduced under Section 7(e) of

the Act and, thereafter, in accordance with the Application process.

(15) The Applicant shall provide to the Department any changes in allocations pursuant to Section 7(d) of the Act. In compliance with this rule, the Applicant will review any changes in allocation as of the anniversary date of the issuance of the Qualified Equity Investment and provide such changes in allocation to the Department within 30 days of the anniversary date of the issuance of the Qualified Equity Investment as required by paragraph (9). Such notice will include the name, employee identification number and amount of credit allocated for each owner/shareholder/member of the Applicant and will be required in each of the six years subsequent to the date of issuance of the Qualified Equity Investment.

(16) Tax Credits claimed under this Act shall not be saleable or transferable. However, Tax Credits earned by a "Subchapter K entity" as defined by §40-18-1(35), Code of Ala. 1975 may be allocated to the partners, members or shareholders of that entity in accordance with Section 5 of the Act. Only the owners/shareholders/members owning an interest in the Applicant as of the anniversary date of the issuance of the Qualified Equity Investment will be allowed to deduct a credit pursuant to the Act.

(17) Copies of all Notices of Certification and all other written notices issued by or received from Applicants by the Department affecting eligibility, allocation or reallocation of Tax Credits shall be sent by Commerce to the Department of Revenue or the Department of Insurance, as applicable, within 30 days after issuance or receipt.

**Author:** Department of Commerce

**Statutory Authority:** Code of Ala. 1975, as amended, §41-9-202, Act No. 2012-483. And Ala. Tourism Department/Ala. Film Office)

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