

8874(K)

41A720-S80 (5-15)

Commonwealth of Kentucky  
DEPARTMENT OF REVENUE

APPLICATION FOR CERTIFICATION OF QUALIFIED EQUITY INVESTMENTS ELIGIBLE  
FOR KENTUCKY NEW MARKETS DEVELOPMENT PROGRAM TAX CREDIT

KRS 141.432 to 141.434

► See instructions.

<b>A</b> Name of Qualified Community Development Entity (CDE)		<b>B</b> Federal Identification Number ____ - ____		<b>C</b> Kentucky Corporation/LLET Account Number (if applicable) _____	
Number and Street				Telephone	
City		State	Zip Code		Fax Number
<b>D</b> Name of parent taxpayer, if CDE is included in a consolidated tax return		<b>E</b> Federal Identification Number of parent, if applicable ____ - ____		<b>F</b> Kentucky Corporation/LLET Account Number of parent, if applicable _____	
<b>G</b> Type of Entity of CDE: <input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Pass-through Entity <input type="checkbox"/> General Partnership <input type="checkbox"/> Other _____					
<b>H</b> Submission Date of Application ____ / ____ / ____ Mo.      Day      Yr.		<b>I</b> Total Number of Taxpayers making Qualified Equity Investments (the number should equal number of entries on line 6) _____		<b>J</b> Total Amount of Qualified Equity Investments for all Taxpayers \$ _____	

- Has your entity been certified as a qualified community development entity (CDE) as provided by IRC §45D(c) by the U.S. Department of Treasury, Community Development Financial Institutions Fund (CDFI Fund)?  
Yes \_\_\_\_ No \_\_\_\_ Date Certified \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (Proof of current certification with the CDFI Fund that would include the original certification by the CDFI Fund and all subsequent updates must be attached.)
- Has your entity received a new markets tax credit (NMTC) allocation from the CDFI Fund which includes the Commonwealth of Kentucky within the service area as set forth in such allocation agreement?  
Yes \_\_\_\_ No \_\_\_\_ Date of the NMTC allocation \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (a copy must be attached)
- Does your entity include the Commonwealth of Kentucky in its service area? Yes \_\_\_\_ No \_\_\_\_
- Identify the service area of the CDE: \_\_\_\_\_ county \_\_\_\_\_ state \_\_\_\_\_ multi-state \_\_\_\_\_ national (attach map of the service area, articles of organization that describe the service area, bylaws that describe the service area, or other documentation that describes the service area)
- Provide information regarding the use of the proceeds from the qualified equity investments, including a description of the qualified active low-income community business as provided by KRS 141.432(5).
- List the name, taxpayer identifying number, type of investment (place an "X" in column to indicate whether debt or equity), and the amount of the qualified equity investment to be made by each taxpayer:

Name	Taxpayer Identification Number	Type of Investment		Purchase Price of the Qualified Equity Investment
		Equity	Debt	

Total Qualified Equity Investments for all taxpayers (this should equal the amount in **Item J**).

If additional space is needed, attach schedule listing the above information.

- 7. Include a nonrefundable application fee of \$1,000 with this application. Payment of the fee must be by cashier's check. A separate check must be issued for the nonrefundable application fee.
- 8. Include a refundable performance fee with this application equal to one-half of one percent (0.5%) of the qualified equity investment requested to be certified, not to exceed \$500,000. Payment of the fee must be by cashier's check. A separate check must be issued for the refundable performance fee.

Under penalties of perjury, I declare that the applicant's allocation agreement remains in effect and has not been revoked or canceled by the CDFI Fund; and that I have examined the application, including all accompanying documents and statements, and to the best of my knowledge and belief, it is true, correct and complete.

By: \_\_\_\_\_  
Signature of executive officer of CDE Date

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Department of Revenue Use Only**

The application is approved \_\_\_\_\_

The application is not approved (see attached explanation) \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_

Mail to Department of Revenue, Division of Corporation Tax, Station 52, 501 High Street, Frankfort, KY 40601-2103.

## **INSTRUCTIONS—APPLICATION FOR CERTIFICATION OF QUALIFIED EQUITY INVESTMENTS ELIGIBLE FOR KENTUCKY NEW MARKETS DEVELOPMENT PROGRAM TAX CREDIT**

A qualified community development entity (CDE) that seeks to have an equity investment or long-term debt security certified as a qualified equity investment and eligible for the tax credit permitted by KRS 141.434 shall file this application, Form 8874(K), with the Kentucky Department of Revenue (department).

**The following fees shall be included with the application: (i) a nonrefundable application fee (payment must be by cashier's check) of \$1,000 (a separate check made payable to the Kentucky State Treasurer must be issued for the nonrefundable application fee); and (ii) a refundable performance fee (payment must be by cashier's check) equal to one-half of one percent (0.5%) of the qualified equity investment requested to be certified, not to exceed \$500,000 (a separate check made payable to the Kentucky State Treasurer must be issued for the refundable performance fee).**

The department will notify you within thirty (30) days after receipt of the application whether the application is approved or denied. If the department intends to deny your application, you will be notified in writing (via certified mail) by the department of the reason for denial. Upon receipt of the notice of denial, the CDE has fifteen (15) days to provide the department with information necessary to correct any deficiencies in the application. Upon receipt of any additional information, the department shall have an additional thirty (30) days to either approve or deny the application.

If the CDE fails to provide the additional information required by the department or fails to complete its application within the fifteen (15) day period, the application shall be deemed denied and must be resubmitted in full with a new submission date. If the application is deemed denied, the department will refund the performance fee in full to the CDE.

If the department determines that the application is in compliance with the provisions of KRS 141.432 to 141.434, a copy of the application will be returned to you (via certified mail) containing the department's approval of the qualified equity investments and taxpayers eligible for tax credits under KRS 141.434. "Department's approval" means the department's certification as provided by KRS 141.433(3) of the proposed equity investments or long-term debt securities as qualified equity investments eligible for tax credits provided by KRS 141.432 to 141.434. If the tax credits are limited because of the \$10 million tax credit cap provided by KRS 141.434(4), the department will notify the CDE of the limitation and the CDE may either elect to withdraw its application or receive a partial credit. If the CDE elects to withdraw its application, the department will refund the performance fee in full to the CDE. If the CDE elects to receive a partial credit, the department will refund a portion of the performance fee, whereby only the fee applicable to the certified amount is retained.

If the taxpayers eligible to claim the credits change due to a transfer of a qualified equity investment or a change in an allocation pursuant to KRS 141.434(2), the CDE shall notify the department of such change.

Within ninety (90) days after receipt of the notice of certification by the department, the CDE shall issue the qualified equity investment and receive cash in the amount of the certified purchase price. The CDE shall provide the department with evidence of the receipt of the cash within ten (10) business days after receipt. If the CDE does not receive cash in exchange for the total amount of the qualified equity investment within ninety (90) days following receipt of the certification notice from the department, the certification shall lapse, and the entity may not issue the qualified equity investment without reapplying to the department for certification. In addition, the entire performance fee shall be forfeited.

The CDE shall complete Form 8874(K)-A, Notice of Kentucky New Markets Development Program Tax Credit and Certification, and file a copy with the department for each taxpayer as evidence of the receipt of cash for the qualified equity investment. If the department is satisfied that the cash amount of the qualified equity investment was received by the CDE from the qualified equity investor, the department shall return Form 8874(K)-A containing the department's approval of the tax credit to both the CDE and taxpayer.