

NEW MARKETS TAX CREDIT COALITION

May 20, 2010

The Honorable Max Baucus
Chairman
Finance Committee
U.S. Senate
Washington, DC 20510

The Honorable Sander Levin
Chairman
Ways & Means Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Grassley
Ranking Member
Finance Committee
U.S. Senate
Washington, DC 20510

The Honorable Dave Camp
Ranking Member
Ways & Means Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Baucus, Chairman Levin, Ranking Member Grassley and Ranking Member Camp:

I am writing on behalf of the New Markets Tax Credit Coalition in support of H.R. 4213, the *American Jobs and Closing Tax Loopholes Act of 2010*. Thank you for including in this bill an extension of the New Markets Tax Credit (NMTC) through 2010 with \$5 billion in credit allocation authority and Alternative Minimum Tax (AMT) relief for NMTC investors as part of this tax extender, small business and targeted job creation package.

We fully support the provision that will allow NMTC investments to offset AMT because it will attract new investors to the program, particularly small and medium sized banks, and thereby contribute to a more diverse, competitive, and efficient investor market. Enhancing the efficiency of the program's investor market will allow Community Development Entities (CDEs) to maximize the impact of their NMTC investments in terms of job and business opportunities and wealth creation in distressed communities.

The extension of credit authority and AMT relief provisions are in keeping with the NMTC Coalition recommendations and were highlighted by Treasury Secretary Geithner in February when he announced the Administration's support of immediate NMTC extension and expansion. The NMTC contributes to the economy of underserved and distressed communities and is an engine for job creation in communities hardest hit by the economic slowdown. This program has a direct and positive impact on distressed areas and has served to benefit workers and residents of low-income communities. The NMTC attracts private capital to traditionally underserved areas and boosts business growth opportunities and local economic development efforts so desperately needed in today's weak and fragile financial marketplace.

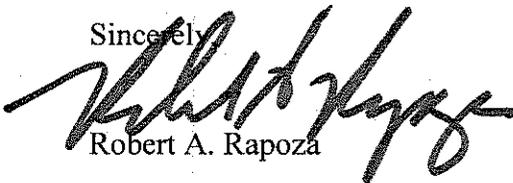
Since the first round of NMTC allocations were made in 2003, more than \$15 billion in financing has found its way to eligible low income communities to support businesses, community facilities and mixed use projects. Research indicates that NMTC financing is usually paired with other

sources of capital on a dollar for dollar basis, meaning some \$30 billion in capital has been invested in low income communities to support businesses, community facilities and mixed use projects since the first round of allocation authority in 2003. Using the Recovery Act standard of 1 job created for every \$92,000 in federal financing, that \$30 billion converts to 326,086 jobs having been created in low income communities. When you consider that the cost to the government is not the full \$15 billion but rather \$6 billion in terms of revenue loss (39% of \$15 billion in keeping with the 39% tax credit on NMTC investments) the cost per job is reduced from \$92,000 to \$18,400. The NMTC has generated more than 300,000 jobs at a fraction of the cost that it takes the government to create a job with other federal programs. The ability of the NMTC to effectively leverage federal dollars is clear when you consider that it would have cost the federal government nearly \$30 billion of appropriations to create those same 326,086 jobs but there was only a \$6 billion outlay. Similarly, this \$5 billion in credit authority included in H.R. 4213 will generate thousands of new jobs in fragile local markets and cost the government a fraction of the cost.

Community Development Entities are already busy working to complete applications for the 2010 Round of NMTC allocations that are due by June 2, 2010. Financing for the 2010 Round of allocations is contingent on the credit authority provided in H.R. 4213, so swift passage of this legislation will contribute to investor confidence and increased project activity. It is critical that the NMTC program be extended at this time of market uncertainty so we are grateful that you will advance this bill in both chambers in the days ahead prior to Memorial Day recess.

We appreciate the support that you and your colleagues have given to the NMTC in the past and again with this bill. Thank you for your continued leadership and attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Rapoza", written over the typed name.

Robert A. Rapoza