

October XX, 2013

The Honorable Dave Camp
Chairman
House Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Sandy Levin
Ranking Member
House Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Camp and Ranking Member Levin:

As members of the 113th Congress, we are writing to ask for action to permanently extend and expand the New Markets Tax Credit (NMTC), which expires on December 31, 2013. This tax credit has generated vital private investment to finance small businesses and create jobs in our home districts and economically-distressed communities across the country.

The New Markets Tax Credit was authorized in the Community Renewal Tax Relief Act of 2000 (PL 106-554), in an effort to stimulate private investment and economic growth in low-income urban neighborhoods and rural communities. It is specifically targeted to those areas that lack access to capital needed to support and grow businesses, create jobs, and sustain healthy local economies. The NMTC does this by providing investors with a 39 percent federal tax credit, taken over seven years, on investments made in economically-distressed communities to finance businesses and economic revitalization efforts.

Our support to extend the New Markets Tax Credit does not commit us to supporting all permanent tax credits, and many of us would like to see the U.S. tax code overhauled to bring more transparency and fairness to all sectors of the economy. We are committed to working with you in this effort in the near future. However, without reform achieved yet, the NMTC is a critical source of financing for a wide variety of businesses and community facilities – including child care and health care centers, industrial manufacturing businesses, grocery-anchored retail centers, and mixed-use real estate projects. All of the projects financed with the NMTC are in low-income communities, which have been particularly vulnerable during this economic downturn.

There is substantial evidence that low and moderate income communities are underserved by private sector capital. This lack of funding stifles entrepreneurs and impedes growth, which leads to urban decay and economic stagnation in small towns and farming communities. The NMTC was designed to address this problem by providing a modest incentive for private sector investment. We have seen firsthand the effectiveness of the NMTC in promoting jobs and business creation in our districts.

Since 2003 NMTC investments have directly created over 350,000 jobs and leveraged \$55 billion in capital investment to credit-starved businesses in communities with high poverty and

unemployment rates. Moreover, a recent analysis of Department of Treasury data indicates that NMTC-financed businesses and jobs generate enough income tax revenue to pay for the Credit.

It is important to note that while all NMTC businesses are in low-income communities, over 70 percent of all NMTC investments have been made in communities with severe economic distress—poverty rates of at least 30 percent, incomes at or below 60 percent the area median, and unemployment rates 1.5 times the national average.

Unless Congress acts to extend the NMTC, businesses and communities across the country will lose an important source of capital. With a fragile economic recovery still under way, now is not the time to cut off this critical source of financing. As such, we ask that you support action to provide an indefinite authorization and additional annual credit authority for the New Markets Tax Credit.

Sincerely,

Members of Congress