

Congress of the United States
Washington, DC 20515

Support Investment in Urban and Rural Low-Income Communities

Dear Colleague:

We write to ask that you join us in supporting the extension and expansion of the New Markets Tax Credit (NMTC) program by cosponsoring HR. 4365, the *New Markets Tax Credit Extension Act of 2014*. The NMTC is one of the many temporary provisions Congress must extend each year and, unfortunately, it expired at the end of 2013. Without further Congressional action, this job-creating initiative will go away. Our legislation will take away the uncertainty surrounding this credit by making it permanent. In addition to making the NMTC a permanent part of the Internal Revenue Code, H.R. 4365 would increase the annual NMTC allocation and index the allocation to inflation in future years.

The NMTC was established in 2000 to spur private investment in low-income rural communities and urban neighborhoods where access to capital is often extremely limited. The incentive attracts capital to low-income communities by providing private investors with a 39 percent federal tax credit for investments made in businesses or economic development projects located in some of the most distressed communities in the nation – census tracts where the individual poverty rate is at least 20 percent or where median family income does not exceed 80 percent of the area median.

With the capital raised from the tax credit, community development entities make loans and investments in business and economic development projects that otherwise might not get off the ground. The incentive led to the creation of 550,000 jobs and spurred \$60 billion of investment in businesses located in communities with high poverty and high unemployment rates.

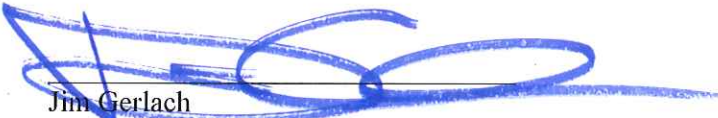
We have seen great success with the NMTC program in our districts. In Reading, Pennsylvania, NMTCs were awarded to a newspaper publishing business creating jobs in a community with an unemployment rate exceeding 1.5 times the national average. And in Springfield, Massachusetts, NMTCs were instrumental in helping a small, organic food business relocate and expand operations in a community with very high unemployment.

According to a Government Accountability Office report, 88 percent of New Market Tax Credit investors surveyed would not have made the investment in the low-income community without the credit. And a Treasury Department analysis found that every \$1 of foregone tax revenues under the NMTC program leverages about \$12 of private investment in distressed communities on a cost basis.

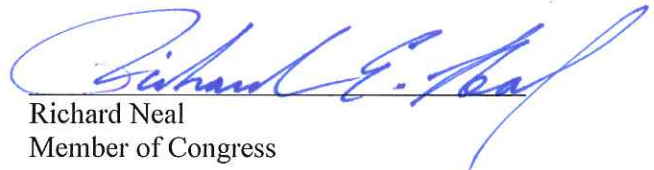
While all NMTC investments benefit businesses in low-income communities, the NMTC does not target a specific type of business or sector. Instead of Washington picking winners and losers, the NMTC places the project underwriting responsibility with community development organizations with deep ties to the communities in which they work.

With the ability of the NMTC program to make a profound difference in low-income communities, we hope you will join us in extending and expanding this important program. If you would like to cosponsor this bill, please contact Lauryn Schothorst (Lauryn.Schothorst@mail.house.gov) with Rep. Gerlach or Brandon Casey (Brandon.Casey@mail.house.gov) with Rep. Neal.

Sincerely,



Jim Gerlach
Member of Congress



Richard Neal
Member of Congress