

July \_\_, 2012

The Honorable John Boehner  
Speaker  
H-232, The Capitol  
Washington, DC 20515

The Honorable Eric Cantor  
Majority Leader  
H-239, The Capitol  
Washington, DC 20515

The Honorable Kevin McCarthy  
Majority Whip  
H-107, The Capitol  
Washington, DC 20515

Dear Speaker Boehner, Leader Cantor, and Whip McCarthy:

As freshman members of the 112th Congress, we are writing to ask for action to extend the New Markets Tax Credit (NMTC) which expired on December 31, 2011. Our constituents and other Americans cannot afford further delay in extending this important economic recovery tool. 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 hard hit and particularly vulnerable during this economic downturn.

According to a recent Treasury Department report, between 2003 and 2010, investments in NMTC businesses totaled \$45 billion, of which 50 percent was generated from private investment. In 2010 alone, NMTC investments created over 70,000 jobs – including 37,000 construction jobs and generated \$9.5 billion in private sector investments, an unprecedented level of private sector investment in neighborhoods with high levels of poverty and unemployment.

It is important to note that while all NMTC businesses are in low-income communities, more than 72 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 – at least through 2012 – businesses and communities across the country will lose an important source of capital. With a fragile economic recovery still underway, now is not the time to cut off this critical source of financing. As such, we ask that you support action to extend the NMTC as soon as possible.

Sincerely,