

NEW MARKETS TAX CREDIT COALITION

April 23, 2008

The Honorable Max Baucus
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

I am writing on behalf of the New Markets Tax Credit Coalition to thank you for including an extension of the New Markets Tax Credit (NMTC) in the "Alternative Minimum Tax and Extenders Tax Relief Act of 2008." This will ensure that the Credit continues to be available to community development organizations and investors working to revitalize low income communities across the country. We are pleased to offer our support for this important legislation.

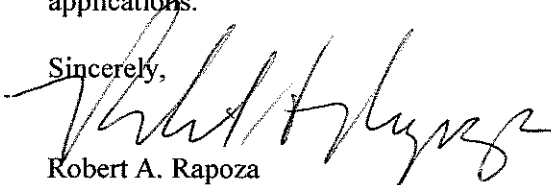
The tax credit has been used in rural and urban neighborhoods to support a wide variety of community and economic development initiatives including manufacturing businesses, grocery-anchored retail centers, health care facilities, and other commercial and mixed-use real estate projects. NMTC investments are extremely effective in leveraging private investment, creating job and business opportunities, and improving services and strengthening local economies, and we were pleased that the President included the New Markets Tax Credit extension in his Fiscal Year 2009 Revenue Estimates for Department of the Treasury.

As Congress seeks to stimulate the economy, it is important to note that the NMTC is responsible for generating almost \$10 billion in capital investment for businesses and development projects in distressed communities. In the last 12 months alone, some \$3 billion in investments were made through the Credit. According to the Community Development Financial Institutions (CDFI) Fund which administers the program at the Treasury Department, between 2003 and 2005, the NMTC financed the construction or rehabilitation of over 43 million square feet of real estate, and helped to create or retain 72,000 construction jobs and 20,000 full-time equivalent jobs in low-income community businesses across America.

Investor interest in NMTC is growing steadily and a recent GAO report found that the NMTC is responsible for attracting private investors to deals that they would not have financed if not for the Credit. In the first five allocation rounds the average demand for Credits was ten times the available allocation, and overall demand has exceeded \$135 billion.

Thank you for your leadership and commitment to extending this important federal economic development tool. We look forward to working with you to promptly extend Credit authority; it is needed to maintain seamless investor confidence and to allow the CDFI Fund to keep pace with pending applications.

Sincerely,



Robert A. Rapoza