

# United States Senate

WASHINGTON, DC 20510

The Honorable Max Baucus  
Chairman  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C., 20510

The Honorable Chuck Grassley  
Ranking Member  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C., 20510

Dear Mr. Chairman and Ranking Member:

We are writing to ask that you support authorizing a multi-year extension of the New Markets Tax Credit (NMTC). The NMTC has proven effective in putting private investment capital to work in some of our most economically distressed communities and we urge you to support its long term extension.

The NMTC was enacted in December 2000 as part of the Community Renewal Tax Relief Act and is designed to stimulate private investment and economic growth in low-income communities that are often overlooked by traditional investors. The NMTC attracts private sector investors to low income areas by offering a 39 percent federal tax credit over seven years for a qualified equity investment (QEI) made in a community development entity (CDE). The CDE in turn uses the capital derived from the Credit to make loans and investments in businesses and economic development projects in targeted communities


The CDFI Fund reports more than \$8.3 billion has already been invested in low-income urban and rural communities thanks to the Credit. These investments have been used to finance a wide range of businesses and community economic development initiatives including manufacturing ventures, grocery-anchored retail centers, charter schools, health care facilities, and mixed-use real estate projects.

According to the CDFI Fund over 600 distinct investors, including local and national financial institutions as well as corporate investors, have already taken advantage of the NMTC. A recent GAO report on the NMTC found that the vast majority of investors would not have invested if not for the NMTC which indicates that the Credit is meeting its stated goal of attracting new investment to targeted low income communities.

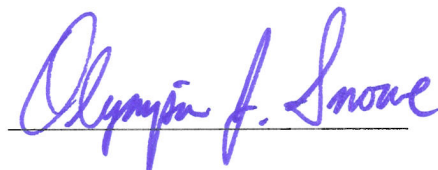
Last December Congress extended the NMTC Program through 2008 as part of the Tax Relief and Health Care Act of 2006. Applications for the 2008 NMTC Allocation of \$3.5 billion will be submitted to Treasury this winter and unless Congress votes to extend the Credit beyond 2008 that will be the final allocation and the NMTC initiative will come to an end.

We can not afford to lose this economic development tool that has proven to be so effective in revitalizing low income communities and we ask that you support a multi-year extension of the NMTC.

Sincerely,



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Caru Zayn

Mark Pryor

Jon Hill

Debbie Stabenow

Hillary Rodham Clinton

Ed Kenedy

Art Biehn

Elizabeth Dole

Chuck Schumer

Dick Durbin

Mary Landravin

Norm Coleman

Ken Sulzger

John Johnson

John F. Kerry

Chris G. Hatch

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Maria Cantwell

Ron Wyden

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John Eriqson

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Robert Menendez

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