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New Markets Tax Credit Non-Real Estate Investments

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New Markets Tax Credit Non-Real Estate Investments: Public Hearing

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General Comment

Will the proposed rules encourage venture capital investments in non-real estate businesses? If not, how can the proposed rules be modified to accomplish that goal?

I believe that the propose tax credit will encourage investors to invest in non-real estate business in low-income communities. Many new investors who are looking to develop or start their portfolio would want to invest in areas where they can generate income without much risk. According to one editorial, every wise investor is involved in some form of low-income housing in one way or another. (Klobasa) The proposal could also attract investors of non-profit organizations that want to serve low-income communities through their respective services. If non-profits organizations could use the tax credit along with its 5013c, then it would be a great benefits for non-profits organizations and the local residents in the low-income community.

I also believe that the proposal would encourage small business to set up shop in low-income communities. According to one report, small business and microenterprises have an important role to play in low and moderate income communities. (anonymous) Small often stimulate the economy in these neighborhoods. If they have an incentive such as the proposed tax credit, they are likely invest in these communities with low initial capital rather than the middle or upper class communities with high initial startup cost. Overall I believe that the proposal will benefits investors, stimulate the local community and increase the desirable of the community.

reference

Klobasa, James. " Is it worth Investing in Low-Income Housing"? Business Resource Investments retrieved from http://www.streetdirectory.com/travel_guide/151910/investment/is_it_worth_investing_in_low_income_housing.html

Anonymous "Engines of Growth: Why low-income communities need small business" retrieved from <http://ideas.repec.org/a/fip/fedccf/y2004isum.html>