

Sen. Snowe Introductory Remarks on New Markets Tax Credit Reauthorization Act of 2005 (S. 1800)

By Ms. SNOWE (for herself, Mr. Rockefeller, and Mr. Bunning):

S. 1800. A bill to amend the Internal Revenue Code of 1986 to extend the new markets tax credit; to the Committee on Finance.

Ms. SNOWE. Mr. President, today I rise to introduce legislation that would re-authorize the New Markets Tax Credit for five additional years. I'd like to thank the Senator from West Virginia, Jay Rockefeller, for cosponsoring this legislation, as well as Senator Jim Bunning. Their strong support is appreciated, and this program will help revitalize many communities all across America.

The New Markets Tax Credit was enacted in December 2000 as part of the Community Renewal Tax Relief Act and offers a seven-year, 39 percent Federal credit made through investment vehicles known as Community Development Entities (CDEs). CDEs combine private investment dollars with capital raised through the incentive to make loans to or investments in businesses in low-income communities.

In its brief period of existence, the New Markets Tax Credit has had a tremendous success in strengthening and revitalizing communities. In Maine, Coastal Enterprises, Inc. issued a \$31.5 million long-term NMTC loan to Katahdin Forest Management, which provided additional working capital for two large pulp and paper mills. These investments resulted in the direct employment of 650 people and potential jobs for another 200. The Katahdin Project has helped to diversify the area economy through the development of new, high-value wood processing enterprises and recreational tourism.

CDEs have also invested in a new child care facility on Chicago's west side, the first new supermarket and shopping center in inner-city Cleveland in 30 years and a new aerospace facility in rural Oklahoma.

All of these projects demonstrate the revitalization and strengthening of communities that the Credit is helping to make possible. In only 3 years, CDEs have raised \$2 billion of capital for direct investment in economically distressed communities across the Nation. This impressive activity over a short period of time points to the need and opportunity for such investment in low-income communities.

Unfortunately, as effective as the New Markets Tax Credit has been, demand for the incentive has far exceeded supply. In fact, the average demand in the first three rounds was a staggering 10 times the amount of available credits. The Treasury Department awarded the first round of \$2.5 billion in tax credits in March 2003, a second round of \$3.5 billion in May 2004, and a third round worth \$2 billion in May 2005.

Despite the track record of the New Markets Tax Credit and continued demand for the incentive, it will expire at the end of 2007. Congress must reauthorize this Credit to

ensure investment capital continues to flow to our most disadvantaged communities. Our bill renews this valuable incentive for 5 additional years, through 2012, with an annual credit volume of \$3.5 billion per year, adjusted for inflation.

It is critical that Congress act to renew the New Markets Tax Credit. It is a modest incentive that clearly works for our most vulnerable communities. I look forward to working with Finance Committee Chairman GRASSLEY to re-authorize the Credit and to ensure that it includes all areas of the country, including rural areas underserved by traditional investments.

I ask unanimous consent that the text of the bill be printed in the RECORD.