

House Committee on Ways and Means

Statement of The Honorable Steve Chabot, a Representative in Congress from the State of Ohio

Testimony Before the Subcommittee on Select Revenue Measures
of the House Committee on Ways and Means

September 26, 2006

Mr. Chairman, thank you for the opportunity to testify today before your subcommittee in support of the New Markets Tax Credit program -- a program that is making a difference in my district. I also want to thank my colleague, Mr. Lewis, for introducing legislation that would reauthorize this important program through 2012, and I'm proud to be a cosponsor of his bill.

Mr. Chairman, the New Markets Tax Credit, enacted as part of the *Community Renewal Tax Relief Act of 2000*, takes an innovative approach to address poverty by using the tax code to enlist the support of both the public and private sector -- making the program unique among federal economic development initiatives. The New Market Tax Credit -- a 39 percent credit against federal taxes over a seven year period -- has helped spur investment and economic development in low-income communities in my district.

For example, the New Markets Tax Credit Program is attracting a significant amount of private capital to low income neighborhoods in Cincinnati and is reshaping the area around the University of Cincinnati's main campus.

All told, the New Markets Tax Credit is responsible for \$102 million in private investments within my district and is providing momentum to spur redevelopment and job creation in some of the city's most distressed neighborhoods. I hear regularly from my constituents who support this program and have witnessed Cincinnati institutions such as Proctor & Gamble, Federated Department Stores, the University of Cincinnati, and area hospitals reinvest in the urban core.

Nationwide, the momentum for the New Markets Tax Credit program is continuing to grow. Data released from the Treasury Department reveals that \$4.72 billion in new private capital has been raised from 560 investors -- with increasing demand among community development organizations for the Credit. In fact, the average demand in the four rounds of New Markets Tax Credits was nearly nine times that of the available tax credits.

Mr. Chairman, the New Markets Tax Credit program works. Providing the private sector with incentives to redevelop and strengthen distressed neighborhoods makes sense. In my opinion, easing tax and regulatory burdens on the American people is always good policy -- made all the better when struggling communities directly benefit.

As you know, Mr. Chairman, the House passed legislation a few months ago to extend the Credit for another year. I am hopeful that this extension can be signed into law before Congress adjourns for the year and look forward to reauthorizing the New Markets Tax Credit program into the future.